Columbia Gas of Pennsylvania, Inc.
2015 General Rate Case
Docket No. R-2015-2468056
Standard Data Request
GASROR No. 01-09
Volume 1 of 2

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, 2013 NiSource Inc. Annual Message to Stockholders.

b. See Attachment B to Exhibit No. 403 for a copy of the December 31, 2014 10K.

c. See GAS-ROR-001, Attachments A through C for the NiSource Inc. June 30, 2014 SEC Form 10Q (Attachment A), March 31, 2014 SEC Form 10Q (Attachment B) and September 30, 2013 SEC Form 10Q (Attachment C).

   See Exhibit No. 402 for a copy of the September 30, 2014 NiSource Inc. 10Q.

NISOURCE INC/DE

FORM 10-Q
(Quarterly Report)

Filed 07/31/14 for the Period Ending 06/30/14

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

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, 2014

or

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

For the transition period from ______ to ______

Commission file number 001-16189

NiSource Inc.

(Exact name of registrant as specified in its charter)

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

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

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company.

Large accelerated filer ☑ Accelerated filer ☐

Non-accelerated filer ☐ Smaller reporting company ☐

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: Common Stock, $0.01 Par Value: 315,318,140 shares outstanding at July 24, 2014 .

NISOURCE INC.
FORM 10-Q QUARTERLY REPORT
FOR THE QUARTER ENDED JUNE 30, 2014

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DEFINED TERMS

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

NiSource Subsidiaries and Affiliates

Capital Markets	NiSource Capital Markets, Inc.
CER	Columbia Energy Resources, Inc.
CGORC	Columbia Gas of Ohio Receivables Corporation
Columbia	Columbia Energy Group
Columbia Gulf	Columbia Gulf Transmission, LLC
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.
Columbia Transmission	Columbia Gas Transmission, LLC
CPRC	Columbia Gas of Pennsylvania Receivables Corporation
Crossroads Pipeline	Crossroads Pipeline Company
Hardy Storage	Hardy Storage Company, LLC
Kokomo Gas	Kokomo Gas and Fuel Company
Millennium	Millennium Pipeline Company, L.L.C.
NARC	NIPSCO Accounts Receivable Corporation
NDC Douglas Properties	NDC Douglas Properties, Inc.
NEVCO	NiSource Energy Ventures, LLC
NIPSCO	Northern Indiana Public Service Company
NiSource	NiSource Inc.
NiSource Corporate Services	NiSource Corporate Services Company
NiSource Development Company	NiSource Development Company, Inc.
NiSource Finance	NiSource Finance Corp.
Northern Indiana Fuel and Light	Northern Indiana Fuel and Light Company
NiSource Midstream	NiSource Midstream Services, LLC
Pennant	Pennant Midstream, LLC

Abbreviations

AFUDC	Allowance for funds used during construction
AOC	Administrative Order by Consent
AOCI	Accumulated Other Comprehensive Income (Loss)
ASU	Accounting Standards Update
BBA	British Banker Association
Bcf	Billion cubic feet
BNS	Bank of Nova Scotia
BTMU	The Bank of Tokyo-Mitsubishi UFJ, LTD.
BTU	British Thermal Unit
CAA	Clean Air Act
CAIR	Clean Air Interstate Rule
CAMR	Clean Air Mercury Rule

DEFINED TERMS (continued)

CCRs	Coal Combustion Residuals
CO_2	Carbon Dioxide
CSAPR	Cross-State Air Pollution Rule
DEP	Department of Environmental Protection
DIMP	Distribution Integrity Management Program
DPU	Department of Public Utilities
DSM	Demand Side Management
Dth	Dekatherm
ECR	Environmental Cost Recovery
ECRM	Environmental Cost Recovery Mechanism
ECT	Environmental Cost Tracker
EERM	Environmental Expense Recovery Mechanism
EPA	United States Environmental Protection Agency
EPS	Earnings per share
FAC	Fuel adjustment clause
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission
FGD	Flue Gas Desulfurization
FTRs	Financial Transmission Rights
GAAP	Generally Accepted Accounting Principles
GAF	Gas Adjustment Factor
GCIM	Gas Cost Incentive Mechanism
GCR	Gas cost recovery
GHG	Greenhouse gases
gwh	Gigawatt hours
Hilcorp	Hilcorp Energy Company
hp	Horsepower
IDEM	Indiana Department of Environmental Management
INDIEC	Indiana Industrial Energy Consumers, Inc.
IRP	Infrastructure Replacement Program
IURC	Indiana Utility Regulatory Commission
kV	Kilovolt
LDCs	Local distribution companies
LIBOR	London InterBank Offered Rate
LIFO	Last-in, first-out
LNG	Liquefied Natural Gas
MATS	Mercury and Air Toxics Standards
Mcf	Thousand cubic feet
MMcf	Million cubic feet
MGP	Manufactured Gas Plant
MISO	Midcontinent Independent System Operator
Mizuho	Mizuho Corporate Bank Ltd.
MMDth	Million dekatherms
mw	Megawatts
mwh	Megawatt hours

DEFINED TERMS (continued)

NAAQS	National Ambient Air Quality Standards
NGL	Natural Gas Liquids
NOV	Notice of Violation
NO_2	Nitrogen dioxide
NO_x	Nitrogen oxide
NYMEX	New York Mercantile Exchange
OCI	Other Comprehensive Income (Loss)
OPEB	Other Postretirement Benefits
OUCC	Indiana Office of Utility Consumer Counselor
Piedmont	Piedmont Natural Gas Company, Inc.
PM	Particulate matter
PNC	PNC Bank, N.A.
PUC	Public Utility Commission
PUCO	Public Utilities Commission of Ohio
RA	Resource Adequacy
RACT	Reasonably Available Control Technology
RBS	Royal Bank of Scotland, PLC
RTO	Regional Transmission Organization
SAVE	Steps to Achieve Virginia's Energy
SEC	Securities and Exchange Commission
SIP	State Implementation Plan
SO_2	Sulfur dioxide
TDSIC	Transmission, Distribution and Storage System Improvement Charge
TUAs	Transmission Upgrade Agreements
VIE	Variable Interest Entities
VSCC	Virginia State Corporation Commission

PART I

ITEM 1. FINANCIAL STATEMENTS

NiSource Inc.
Condensed Statements of Consolidated Income (unaudited)

(in millions, except per share amounts)	Three Months Ended June 30, 2014	Three Months Ended June 30, 2013	Six Months Ended June 30, 2014	Six Months Ended June 30, 2013
Net Revenues				
Gas Distribution	$ **423.5**	$ 393.3	$ **1,638.5**	$ 1,285.5
Gas Transportation and Storage	**390.1**	366.5	**968.6**	835.0
Electric	**404.8**	384.5	**854.8**	761.8
Other	**116.7**	57.2	**193.7**	101.4
Gross Revenues	**1,335.1**	1,201.5	**3,655.6**	2,983.7
Cost of Sales (excluding depreciation and amortization)	**371.7**	349.3	**1,433.0**	1,025.3
Total Net Revenues	**963.4**	852.2	**2,222.6**	1,958.4
Operating Expenses				
Operation and maintenance	**533.1**	452.4	**1,034.3**	906.7
Depreciation and amortization	**149.1**	143.3	**297.8**	286.9
Gain on sale of assets, net	**(0.7)**	(0.2)	**(16.4)**	(0.4)
Other taxes	**73.4**	70.7	**174.5**	157.4
Total Operating Expenses	**754.9**	666.2	**1,490.2**	1,350.6
Equity Earnings in Unconsolidated Affiliates	**11.1**	8.0	**20.9**	15.1
Operating Income	**219.6**	194.0	**753.3**	[illegible]
Other Income (Deductions)				
Interest expense, net	**(109.1)**	(102.0)	**(218.2)**	(200.6)
Other, net	**7.5**	13.3	**12.0**	17.4
Total Other Deductions	**(101.6)**	(88.7)	**(206.2)**	(183.2)
Income from Continuing Operations before Income Taxes	**118.0**	105.3	**547.1**	439.7
Income Taxes	**39.5**	32.9	**202.2**	151.3
Income from Continuing Operations	**78.5**	72.4	**344.9**	288.4
(Loss) Income from Discontinued Operations - net of taxes	**(0.3)**	(0.7)	**(0.5)**	7.4
Gain on Disposition of Discontinued Operations - net of taxes	**—**	—	**—**	36.4
Net Income	$ **78.2**	$ 71.7	$ **344.4**	$ 332.2
Basic Earnings Per Share				
Continuing operations	$ **0.25**	$ 0.23	$ **1.10**	$ 0.92
Discontinued operations	**—**	—	**—**	0.14
Basic Earnings Per Share	$ **0.25**	$ 0.23	$ **1.10**	$ 1.06
Diluted Earnings Per Share				
Continuing operations	$ **0.25**	$ 0.23	$ **1.09**	$ 0.92
Discontinued operations	**—**	–	**—**	0.14
Diluted Earnings Per Share	$ **0.25**	$ 0.23	$ **1.09**	$ 1.06
Dividends Declared Per Common Share	$ **0.26**	$ 0.25	$ **0.76**	$ 0.73
Basic Average Common Shares Outstanding	**315.0**	312.2	**314.6**	311.7
Diluted Average Common Shares	**316.1**	313.2	**315.7**	312.6

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

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ITEM 1. FINANCIAL STATEMENTS (continued)

urce Inc.
densed Statements of Consolidated Comprehensive Income (unaudited)

(in millions, net of taxes)	Three Months Ended June 30, 2014	Three Months Ended June 30, 2013	Six Months Ended June 30, 2014	Six Months Ended June 30, 2013
Net Income	**$ 78.2**	$ 71.7	**$ 344.4**	$ 332.2
Other comprehensive income (loss)				
Net unrealized gain (loss) on available-for-sale securities [1]	**0.5**	(2.9)	**0.8**	(3.3)
Net unrealized gain on cash flow hedges [2]	**0.7**	0.5	**1.3**	1.4
Unrecognized pension and OPEB (cost) benefit [3]	**(0.1)**	2.7	**0.1**	5.4
Total other comprehensive income	**1.1**	0.3	**2.2**	3.5
Total Comprehensive Income	**$ 79.3**	$ 72.0	**$ 346.6**	$ 335.7

[1] Net unrealized gain (loss) on available-for-sale securities, net of $ 0.2 million tax expense and $ 1.7 million tax benefit in the second quarter of 2014 and 2013 , respectively, and $0.4 million tax expense and $1.8 million tax benefit for the first six months of 2014 and 2013 , respectively.

[2] *Net unrealized gains on derivatives qualifying as cash flow hedges, net of $ 0.4 million and $0.3 million tax expense in the second quarter of 2014 and 2013 , respectively, and* $0.8 million and $0.9 million tax expense for the first six months of 2014 and 2013 , respectively.

[3] Unrecognized pension and OPEB (cost) benefit, net of $0.7 million tax benefit and $1.8 million tax expense in the second quarter of 2014 and 2013 , respectively, and $0.7 million and $3.5 million tax expense for the first six months of 2014 and 2013 , respectively.

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

NiSource Inc.
Condensed Consolidated Balance Sheets (unaudited)

(in millions)		June 30, 2014		December 31, 2013
ASSETS				
Property, Plant and Equipment				
Utility plant	$	**24,202.6**	$	23,303.7
Accumulated depreciation and amortization		**(9,444.2)**		(9,256.5)
Net utility plant		**14,758.4**		14,047.2
Other property, at cost, less accumulated depreciation		**330.4**		317.9
Net Property, Plant and Equipment		**15,088.8**		14,365.1
Investments and Other Assets				
Unconsolidated affiliates		**437.1**		373.7
Other investments		**201.9**		204.0
Total Investments and Other Assets		**639.0**		577.7
Current Assets				
Cash and cash equivalents		**18.0**		26.8
Restricted cash		**9.8**		8.0
Accounts receivable (less reserve of $29.7 and $23.5, respectively)		**824.0**		1,005.8
Gas inventory		**321.6**		354.6
Underrecovered gas and fuel costs		**75.7**		46.4
Materials and supplies, at average cost		**106.0**		[illegible]
Electric production fuel, at average cost		**41.5**		44.6
Price risk management assets		**13.2**		22.7
Exchange gas receivable		**135.7**		70.6
Regulatory assets		**188.1**		142.8
Prepayments and other		**320.9**		335.7
Total Current Assets		**2,054.5**		2,159.2
Other Assets				
Regulatory assets		**1,454.1**		1,522.2
Goodwill		**3,666.2**		3,666.2
Intangible assets		**270.2**		275.7
Deferred charges and other		**85.0**		87.8
Total Other Assets		**5,475.5**		5,551.9
Total Assets	$	**23,257.8**	$	22,653.9

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

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

(in millions, except share amounts)		June 30, 2014		December 31, 2013
CAPITALIZATION AND LIABILITIES				
Capitalization				
Common Stockholders' Equity				
Common stock - *$0.01* par value, *400,000,000* shares authorized; *315,215,694* and *313,675,911* shares outstanding, respectively	$	**3.2**	$	3.2
Additional paid-in capital		**4,734.7**		4,690.1
Retained earnings		**1,390.6**		1,285.5
Accumulated other comprehensive loss		**(41.4)**		(43.6)
Treasury stock		**(58.8)**		(48.6)
Total Common Stockholders' Equity		**6,028.3**		5,886.6
Long-term debt, excluding amounts due within one year		**7,640.6**		7,593.2
Total Capitalization		**13,668.9**		13,479.8
Current Liabilities				
Current portion of long-term debt		**530.0**		542.1
Short-term borrowings		**1,101.1**		698.7
Accounts payable		**459.6**		619.0
Dividends payable		**82.0**		—
Customer deposits and credits		**241.7**		262.6
Taxes accrued		**216.1**		254.8
Interest accrued		**142.0**		136.4
Overrecovered gas and fuel costs		**49.8**		32.2
Exchange gas payable		**139.2**		186.4
Deferred revenue		**8.7**		18.5
Regulatory liabilities		**88.7**		60.2
Accrued liability for postretirement and postemployment benefits		**6.2**		6.2
Legal and environmental		**18.9**		32.3
Other accruals		**347.4**		329.0
Total Current Liabilities		**3,431.4**		3,178.4
Other Liabilities and Deferred Credits				
Deferred income taxes		**3,471.9**		3,277.8
Deferred investment tax credits		**19.1**		20.9
Deferred credits		**103.9**		91.9
Deferred revenue		**20.3**		17.1
Accrued liability for postretirement and postemployment benefits		**466.1**		527.5
Regulatory liabilities		**1,673.9**		1,669.8
Asset retirement obligations		**178.0**		174.4
Other noncurrent liabilities		**224.3**		216.3
Total Other Liabilities and Deferred Credits		**6,157.5**		5,995.7
Commitments and Contingencies (Refer to Note 17)		**—**		—
Total Capitalization and Liabilities	$	**23,257.8**	$	22,653.9

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

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

Six Months Ended June 30, *(in millions)*	2014	2013
Operating Activities		
Net Income	$ **344.4**	$ 332.2
Adjustments to Reconcile Net Income to Net Cash from Continuing Operations:		
Depreciation and amortization	**297.8**	286.9
Net changes in price risk management assets and liabilities	**1.4**	1.3
Deferred income taxes and investment tax credits	**186.8**	168.6
Deferred revenue	**1.6**	(0.4)
Stock compensation expense and 401(k) profit sharing contribution	**27.9**	23.0
Gain on sale of assets	**(16.4)**	(0.4)
Income from unconsolidated affiliates	**(20.6)**	(15.2)
Gain on disposition of discontinued operations - net of taxes	**—**	(36.4)
Loss (Income) from discontinued operations - net of taxes	**0.5**	(7.4)
Amortization of debt related costs	**5.1**	4.6
AFUDC equity	**(9.2)**	(8.0)
Distributions of earnings received from equity investees	**12.9**	12.3
Changes in Assets and Liabilities		
Accounts receivable	**176.4**	194.5
Income tax receivable	**1.0**	124.5
Inventories	**28.2**	[illegible]
Accounts payable	**(170.3)**	[illegible]
Customer deposits and credits	**(20.9)**	(104.8)
Taxes accrued	**(43.2)**	(47.0)
Interest accrued	**5.5**	(8.5)
(Under) Overrecovered gas and fuel costs	**(11.6)**	86.9
Exchange gas receivable/payable	**(112.3)**	(49.6)
Other accruals	**(47.6)**	(33.3)
Prepayments and other current assets	**43.0**	36.2
Regulatory assets/liabilities	**14.8**	40.9
Postretirement and postemployment benefits	**(61.8)**	(79.3)
Deferred credits	**11.1**	9.5
Deferred charges and other noncurrent assets	**(0.3)**	5.2
Other noncurrent liabilities	**7.8**	(9.4)
Net Operating Activities from Continuing Operations	**652.0**	880.9
Net Operating Activities (used for) from Discontinued Operations	**(1.0)**	13.6
Net Cash Flows from Operating Activities	**651.0**	894.5
Investing Activities		
Capital expenditures	**(852.9)**	(801.7)
Insurance recoveries	**6.8**	—
Proceeds from disposition of assets	**6.2**	0.7
Restricted cash (deposits) withdrawals	**(1.8)**	17.4
Contributions to equity investees	**(54.8)**	[illegible]
Other investing activities	**(1.1)**	[illegible]
Net Investing Activities used for Continuing Operations	**(897.6)**	(839.9)
Net Investing Activities from Discontinued Operations	**—**	121.8
Net Cash Flows used for Investing Activities	**(897.6)**	(718.1)

Financing Activities

Issuance of long-term debt		—		815.3
Repayments of long-term debt and capital lease obligations		**(13.3)**		(451.0)
Change in short-term borrowings, net		**402.4**		(399.2)
Issuance of common stock		**16.1**		24.1
Acquisition of treasury stock		**(10.2)**		(7.9)
Dividends paid - common stock		**(157.2)**		(149.5)
Net Cash Flows from (used for) Financing Activities		**237.8**		(168.2)
Change in cash and cash equivalents used for continuing operations		**(7.8)**		(127.2)
Cash contributions (to) from discontinued operations		**(1.0)**		135.4
Cash and cash equivalents at beginning of period		**26.8**		36.3
Cash and Cash Equivalents at End of Period	**$**	**18.0**	$	44.5

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

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Condensed Statement of Consolidated Common Stockholders' Equity (unaudited)

(in millions)	Common Stock	Treasury Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income/(Loss)	Total
Balance as of January 1, 2014	**$ 3.2**	**$ (48.6)**	**$ 4,690.1**	**$ 1,285.5**	**$ (43.6)**	**$ 5,886.6**
Comprehensive Income:						
Net Income	—	—	—	344.4	—	344.4
Other comprehensive income, net of tax	—		—	—	2.2	2.2
Common stock dividends	—	—	—	(239.3)	—	(239.3)
Treasury stock acquired		(10.2)	—	—	—	(10.2)
Issued:						
Employee stock purchase plan			1.9	—	—	1.9
Long-term incentive plan	—	—	15.0	—	—	15.0
401(k) and profit sharing issuance	—	—	23.8	—	—	23.8
Dividend reinvestment plan			3.9		—	3.9
Balance as of June 30, 2014	**$ 3.2**	**$ (58.8)**	**$ 4,734.7**	**$ 1,390.6**	**$ (41.4)**	**$ 6,028.3**

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

ITEM 1. FINANCIAL STATEMENTS (continued)

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

1. Basis of Accounting Presentation

The accompanying Condensed Consolidated Financial Statements (unaudited) for NiSource (the "Company") reflect all normal recurring adjustments that are necessary, in the opinion of management, to present fairly the results of operations in accordance with GAAP in the United States of America.

The accompanying financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in NiSource's Annual Report on Form 10-K for the fiscal year ended December 31, 2013 . Income for interim periods may not be indicative of results for the calendar year due to weather variations and other factors.

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

2. Recent Accounting Pronouncements

In June 2014, the FASB issued ASU 2014-12, *Compensation - Stock Compensation (Topic 718): Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period* . ASU 2014-12 clarifies that entities should treat performance targets that can be met after the requisite service period of a share-based payment award as performance conditions that affect vesting. NiSource is required to adopt ASU 2014-12 for periods beginning after December 15, 2015, including interim periods, and the guidance is to be applied prospectively, with early adoption permitted. Retroactive application would apply to awards with performance targets outstanding after the beginning of the first annual period presented. The adoption of this guidance will not have a material impact on the Condensed Consolidated Financial Statements (unaudited) or Notes to Condensed Consolidated Financial Statements (unaudited).

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)* . ASU 2014-09 outlines a single, comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. NiSource is required to adopt ASU 2014-09 for periods beginning after December 15, 2016, including interim periods, and the new standard is to be applied retrospectively with early adoption not permitted. NiSource is currently evaluating the impact the adoption of ASU 2014-09 will have on its Condensed Consolidated Financial Statements (unaudited) and Notes to Condensed Consolidated Financial Statements (unaudited).

In April 2014, the FASB issued ASU 2014-08, *Presentation of Financial Statements (Topic 205) and Property, Plant, and Equipment (Topic 360): Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity*. ASU 2014-08 changes the criteria for reporting a discontinued operation. Under the new pronouncement, a disposal of a part of an organization that has a major effect on its operations and financial results is a discontinued operation. NiSource is required to adopt ASU 2014-08 prospectively for all disposals or components of its business classified as held for sale during fiscal periods beginning after December 15, 2014. NiSource is currently evaluating what impact, if any, adoption of ASU 2014-08 will have on its Condensed Consolidated Financial Statements (unaudited) and Notes to Condensed Consolidated Financial Statements (unaudited).

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

3. Earnings Per Share

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

	Three Months Ended June 30,		Six Months Ended June 30,	
(in thousands)	**2014**	2013	**2014**	2013
Denominator				
Basic average common shares outstanding	**315,013**	312,177	**314,620**	311,652
Dilutive potential common shares:				
Stock options	**41**	171	**39**	156
Shares contingently issuable under employee stock plans	**616**	350	**580**	327
Shares restricted under stock plans	**431**	471	**427**	466
Diluted Average Common Shares	**316,101**	313,169	**315,666**	312,601

4. Discontinued Operations and Assets and Liabilities Held for Sale

There were no assets and liabilities of discontinued operations and held for sale on the Condensed Consolidated Balance Sheets (unaudited) at June 30, 2014 and December 31, 2013 .

Results from discontinued operations are provided in the following table. These results are primarily from a settlement at NiSource's former exploration and production subsidiary, CER, NiSource's Retail Services business, and NiSource's unregulated natural gas marketing business.

	Three Months Ended June 30,		Six Months Ended June 30,	
(in millions)	**2014**	2013	**2014**	2013
Net Revenues from Discontinued Operations	**$ —**	$ 0.2	**$ —**	$ 0.6
(Loss) Income from discontinued operations	**(0.5)**	(1.1)	**(0.8)**	12.0
Income tax (benefit) expense	**(0.2)**	(0.4)	**(0.3)**	4.6
(Loss) Income from Discontinued Operations - net of taxes	**$ (0.3)**	$ (0.7)	**$ (0.5)**	$ 7.4
Gain on Disposition of Discontinued Operations - net of taxes	**$ —**	$ —	**$ —**	$ 36.4

5. Asset Retirement Obligations

Certain costs of removal that have been, and continue to be, included in depreciation rates and collected in the service rates of the rate-regulated subsidiaries are classified as "Regulatory liabilities" on the Condensed Consolidated Balance Sheets (unaudited).

ITEM 1. FINANCIAL STATEMENTS (continued)

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

Changes in NiSource's liability for asset retirement obligations for the six months ended June 30, 2014 and 2013 are presented in the table below:

(in millions)		2014		2013
Balance as of January 1,	$	**174.4**	$	160.4
Accretion expense		**0.8**		0.6
Accretion recorded as a regulatory asset/liability		**4.2**		4.4
Additions		**3.0**		3.0
Settlements		**(1.0)**		(0.6)
Change in estimated cash flows		**(3.4)**		(0.7)
Balance as of June 30,	$	**178.0**	$	167.1

6. Regulatory Matters

Gas Distribution Operations Regulatory Matters

Significant Rate Developments . On April 30, 2013, Indiana Governor Pence signed Senate Enrolled Act 560 into law. Among other provisions, this legislation provides for cost recovery outside of a base rate proceeding for new or replacement electric and gas transmission, distribution, and storage projects that a public utility undertakes for the purposes of safety, reliability, system modernization, or economic development. Provisions of the TDSIC statute require that, among other things, requests for recovery include a seven-year plan of eligible investments. Once the plan is approved by the IURC, 80 percent of eligible costs can be recovered using a periodic rate adjustment mechanism. The cost recovery mechanism is referred to as a TDSIC mechanism. Recoverable costs include a return on, and of, the investment, including AFUDC, post in service carrying charges, operation and maintenance expenses, depreciation, and property taxes. The remaining 20 percent of recoverable costs are to be deferred for future recovery in the public utility's next general rate case. The periodic rate adjustment mechanism is capped at an annual increase of no more than two percent of total retail revenues. On October 3, 2013, NIPSCO filed its gas TDSIC seven-year plan of eligible investments for a total of approximately $710 million with the IURC. On April 30, 2014, the IURC issued an order approving NIPSCO's gas TDSIC seven-year plan. NIPSCO anticipates filing its request with the IURC for ratemaking and accounting relief associated with the eligible investments in the third quarter of 2014. On May 29, 2014, the NIPSCO Industrial Group filed a Notice of Appeal with the Indiana Court of Appeals in response to the IURC's April 30, 2014 ruling.

On November 25, 2013, Columbia of Ohio filed a Notice of Intent to file an application to adjust rates associated with its IRP and DSM Riders. Columbia of Ohio filed its Application on February 28, 2014, requesting authority to increase revenues by approximately $25.5 million . The parties have settled all issues, and on April 7, 2014 filed a stipulation providing for a revenue increase of approximately $25.5 million . On April 23, 2014, Columbia of Ohio received approval of its annual infrastructure replacement and demand-side management rider request from the PUCO. New rates became effective April 30, 2014.

On April 16, 2013, Columbia of Massachusetts submitted a filing with the Massachusetts DPU requesting an annual revenue requirement increase of $30.1 million . Pursuant to the procedural schedule for this case, on September 3, 2013, Columbia of Massachusetts filed its updated revenue requirement of $29.5 million and on October 16, 2013, filed an updated cost of service for $30.0 million . A final revenue requirement update of $29.9 million was filed on December 16, 2013. On February 28, 2014, the Massachusetts DPU issued an order granting an annual revenue requirement increase of $19.3 million effective March 1, 2014, and the compliance filing associated with the order has been approved. Columbia of Massachusetts currently has two Motions for Reconsideration and Clarification pending before the Massachusetts DPU with regard to specific findings in the order.

On September 16, 2013, Columbia of Massachusetts filed its Peak Period GAF for the period November 1, 2013 through April 30 2014, and its Peak Period 2012-2013 GAF Reconciliation. On January 17, 2014, Columbia of Massachusetts filed a revision to the GAF effective February 1, 2014, and on February 18, 2014, Columbia of Massachusetts filed its second revision to the GAF effective March 1, 2014, to eliminate Columbia of Massachusetts's projected Peak Period under-collection of $50.0 million . On February 28, 2014, the Massachusetts DPU approved the revised GAF subject to further review and reconciliation to recover approximately $25 million of the anticipated under-collection and defer recovery of the remaining $25 million to November 2014

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

through April 2015, and thus, this deferred amount will be incorporated into the proposed GAF to be submitted in September 2014 in Columbia of Massachusetts's 2014-2015 Peak Period GAF filing.

On March 21, 2014, Columbia of Pennsylvania filed a base rate case with the Pennsylvania PUC, seeking a revenue increase of approximately $54.1 million annually. The case is driven by Columbia of Pennsylvania's capital investment program which exceeds $180 million in both 2014 and 2015 as well as new pipeline safety-related operation and maintenance expenditures. Columbia of Pennsylvania seeks Pennsylvania PUC approval to implement additional rates to recover costs that are projected to be incurred after the implementation of those new rates, as authorized by the Pennsylvania General Assembly with the passage of Act 11 of 2012. Columbia of Pennsylvania's filing seeks to implement rates in December 2014 under which Columbia of Pennsylvania would immediately begin to recover costs that are projected for the twelve-month period ending December 31, 2015. The case is currently in discovery, and a final order from the Pennsylvania PUC is expected in the fourth quarter of 2014.

On April 30, 2014, Columbia of Virginia filed a base rate case with the VSCC seeking an annual revenue increase of $31.8 million , which includes $6.9 million in annual revenues currently collected as a separate infrastructure replacement rider on customers' bills under the Virginia SAVE Plan Act. The SAVE rider will be reset to zero and these revenues will be moved into non-gas base rates, resulting in a proposed net revenue increase of $24.9 million per year. Columbia of Virginia also seeks to recover costs related to its implementation of pipeline safety programs and forward looking adjustments to its capital investments and changes in operating costs projected to occur during the rate year ending September 30, 2015. In addition, Columbia of Virginia is proposing a change from volumetric based (Mcf) billing to thermal based (Btu) billing. The VSCC issued a procedural order in the case on May 28, 2014 which scheduled the case for hearing on December 9, 2014. New rates are subject to refund and are scheduled to become effective October 1, 2014.

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

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

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

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

Columbia Pipeline Group Operations Regulatory Matters

Significant Rate Developments. On January 30, 2014, Columbia Transmission received FERC approval of its December 2013 filing to recover costs associated with the first year of its comprehensive system modernization program. During 2013, Columbia Transmission completed more than 30 individual projects representing a total investment of about $300 million . The program includes replacement of aging pipeline and compressor facilities, enhancements to system inspection capabilities, and improvements in real-time analytics and control systems. Recovery of the 2013 investments began on February 1, 2014.

The second year of the program includes planned modernization investments of approximately $300 million . Columbia Transmission and its customers have agreed to the initial five years of the comprehensive modernization program, with an opportunity to mutually extend the agreement.

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

Cost Recovery Trackers. A significant portion of the regulated transmission and storage companies' revenue is related to the recovery of their operating costs, the review and recovery of which occurs via standard regulatory proceedings with the FERC under section 4 of the Natural Gas Act. However, certain operating costs of the NiSource regulated transmission and storage companies are significant and recurring in nature, such as fuel for compression and lost and unaccounted for gas. The FERC allows for the recovery of such costs via cost tracking mechanisms. These tracking mechanisms allow the transmission and storage companies' rates to fluctuate in response to changes in certain operating costs or conditions as they occur to facilitate the timely recovery of its costs incurred. The tracking mechanisms involve a rate adjustment that is filed at a predetermined frequency, typically annually, with the FERC and is subject to regulatory review before new rates go into effect. Other such costs under regulatory tracking mechanisms include third-party pipeline transportation, electric compression, certain environmental, and certain operational purchases and sales of natural gas.

Electric Operations Regulatory Matters

Significant Rate Developments . On July 19, 2013, NIPSCO filed its electric TDSIC, further discussed above, with the IURC. The filing included the seven-year plan of eligible investments for a total of approximately $1.1 billion with the majority of the spend occurring in years 2016 through 2020. On February 17, 2014, the IURC issued an order approving NIPSCO's seven-year plan of eligible investments. The Order also granted NIPSCO ratemaking relief associated with the eligible investments through a rate adjustment mechanism. NIPSCO anticipates filing its first semi-annual tracker petition in the third quarter of 2014. On March 10, 2014, the OUCC filed a Petition for Reconsideration with the IURC, and the IURC denied that Petition for Reconsideration on May 7, 2014. In addition, the NIPSCO Industrial Group and the OUCC have filed Notices of Appeal with the Indiana Court of Appeals in response to the IURC's ruling, which are still pending.

On November 12, 2013, several industrial customers, including INDIEC, filed a complaint at the FERC regarding the 12.38% base ROE used to set the MISO Transmission Owners' transmission rates and requesting a reduction in the base ROE to 9.15% . The complaint further requests that FERC limit the capital structure of MISO Transmission Owners to no more than 50% common equity for ratemaking purposes and that FERC eliminate incentive adders for membership in a RTO. NIPSCO joined in an answer defending the 12.38% base ROE and motion to dismiss the complaint filed on behalf of a group of MISO Transmission Owners on January 6, 2014. NIPSCO is unable to estimate the impact of the complaint or the timing of any potential impact at this time.

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

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

NIPSCO has approval from the IURC to recover certain environmental related costs through an ECT. Under the ECT, NIPSCO is permitted to recover (1) AFUDC and a return on the capital investment expended by NIPSCO to implement environmental compliance plan projects through an ECRM and (2) related operation and maintenance and depreciation expenses once the environmental facilities become operational through an EERM. On April 30, 2014, the IURC issued an order on ECR-23 approving NIPSCO's request to begin earning a return on $583.5 million of net capital expenditures.

7. Risk Management Activities

NiSource is exposed to certain risks relating to its ongoing business operations. The primary risks managed by using derivative instruments are commodity price risk and interest rate risk. Derivative natural gas contracts are entered into to manage the price risk associated with natural gas price volatility and to secure forward natural gas prices. Interest rate swaps are entered into to manage interest rate risk or fair value risk associated with NiSource's borrowings. NiSource designates some of its commodity forward contracts as cash flow hedges of forecasted purchases of commodities and designates its interest rate swaps as fair value hedges of fixed-rate borrowings.

Accounting Policy for Derivative Instruments. Unrealized and realized gains and losses are recognized each period as components of AOCI, regulatory assets and liabilities or earnings depending on the designation of the derivative instrument and regulatory

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

accounting treatment. For subsidiaries that utilize derivatives for cash flow hedges, the effective portions of the gains and losses are recorded to AOCI and are recognized in earnings concurrent with the disposition of the hedged risks. If a forecasted transaction corresponding to a cash flow hedge is no longer probable to occur, the accumulated gains or losses on the derivative are recognized currently in earnings. For fair value hedges, the gains and losses are recorded in earnings each period together with the change in the fair value of the hedged item. As a result of the ratemaking process, the rate-regulated subsidiaries generally record gains and losses as regulatory liabilities or assets and recognize such gains or losses in earnings when both the contracts settle and the physical commodity flows. These gains and losses recognized in earnings are then subsequently recovered or passed back to customers in revenues through rates. When gains and losses are recognized in earnings, they are recognized in revenues or cost of sales for derivatives that correspond to commodity risk activities and are recognized in interest expense for derivatives that correspond to interest rate risk activities.

For its commodity price risk programs, NiSource has elected not to net the fair value amounts of its derivative instruments or the fair value amounts recognized for its right to receive or obligation to pay cash collateral arising from those derivative instruments recognized at fair value, which are executed with the same counterparty under a master netting arrangement. NiSource discloses amounts recognized for the right to reclaim cash collateral within "Restricted cash" and amounts recognized for the obligation to return cash collateral within "Other accruals" on the Condensed Consolidated Balance Sheets (unaudited).

Commodity Price Risk Programs . Commodity price risk program derivatives consist of NYMEX gas options, NYMEX gas futures and FTRs. Contracted gross volumes are as follows:

	June 30, 2014	December 31, 2013
Commodity Price Risk Program:		
Gas price volatility program derivatives (MMDth)	**16.7**	17.0
Price Protection Service program derivatives (MMDth)	**0.2**	0.7
DependaBill program derivatives (MMDth)	**0.2**	0.2
Electric hedging program (mwh)	**0.1**	—
Electric energy program FTR derivatives (mw)	**4,700.0**	1,248.0

Interest Rate Risk Activities . NiSource recognizes that the prudent and selective use of derivatives may help it to lower its cost of debt capital and manage its interest rate exposure. NiSource Finance has entered into various "receive fixed" and "pay floating" interest rate swap agreements which modify the interest rate characteristics of a portion of its outstanding long-term debt from fixed to variable rate. These interest rate swaps also serve to hedge the fair market value of NiSource Finance's outstanding debt portfolio. As of June 30, 2014 , NiSource had $7.7 billion of outstanding fixed rate debt, of which $500 million is subject to fluctuations in interest rates as a result of the fixed-to-variable interest rate swap transactions. These interest rate swaps are designated as fair value hedges. NiSource had no net gain or loss recognized in earnings due to hedging ineffectiveness for the six months ended June 30, 2014 and 2013 .

On July 22, 2003, NiSource Finance entered into fixed-to-variable interest rate swap agreements in a notional amount of $500 million with four counterparties which expired on July 15, 2014 . NiSource Finance received payments based upon a fixed 5.40% interest rate and paid a floating interest amount based on U.S. 6-month BBA LIBOR plus an average of 0.78% per annum. There was no exchange of premium at the initial date of the swaps.

Contemporaneously with the issuance on September 16, 2005 of $1.0 billion of its 5.25% and 5.45% notes, maturing September 15, 2017 and 2020, respectively, NiSource Finance settled $900 million of forward starting interest rate swap agreements with six counterparties. NiSource paid an aggregate settlement payment of $35.5 million which is being amortized from AOCI to interest expense over the term of the underlying debt, resulting in an effective interest rate of 5.67% and 5.88% , respectively. As of June 30, 2014 , AOCI includes $7.4 million related to forward starting interest rate swap settlement, net of tax. These derivative contracts are accounted for as a cash flow hedge.

As of June 30, 2014 , NiSource holds a 47.5% interest in Millennium. As NiSource reports Millennium as an equity method investment, NiSource is required to recognize a proportional share of Millennium's OCI. NiSource's proportionate share of the remaining unrecognized loss associated with settled interest rate swaps was $17.1 million and $17.7 million , net of tax, as of June 30, 2014 and December 31, 2013 , respectively. Millennium is amortizing the losses related to these terminated interest rate swaps into earnings using the effective interest method through interest expense as interest payments are made. NiSource records its proportionate share of the amortization as Equity Earnings in Unconsolidated Affiliates in the Condensed Statements of Consolidated Income (unaudited).

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

NiSource's location and fair value of derivative instruments on the Condensed Consolidated Balance Sheets (unaudited) were:

Asset Derivatives *(in millions)*		**June 30, 2014**		December 31, 2013
Balance Sheet Location		**Fair Value**		Fair Value
Derivatives designated as hedging instruments				
Interest rate risk activities				
Price risk management assets (current)	**$**	**10.7**	$	21.2
Total derivatives designated as hedging instruments	**$**	**10.7**	$	21.2
Derivatives not designated as hedging instruments				
Commodity price risk programs				
Price risk management assets (current)	**$**	**2.5**	$	1.5
Price risk management assets (noncurrent) [1]		**0.1**		0.5
Total derivatives not designated as hedging instruments	**$**	**2.6**	$	2.0
Total Asset Derivatives	**$**	**13.3**	$	23.2

[1] This is included in "Deferred charges and other" on the Condensed Consolidated Balance Sheets (unaudited).

There were no significant liability derivatives as of June 30, 2014 and December 31, 2013 .

As noted in NiSource's accounting policy for derivative instruments, above, for its commodity price risk programs, NiSource has elected not to offset fair value amounts for its derivative instruments or the fair value amounts recognized for its right to receive cash collateral or obligation to pay cash collateral arising from those derivative instruments recognized at fair value, which are executed with the same counterparty under a master netting arrangement. No material amounts were subject to an enforceable master netting agreement not otherwise disclosed as of June 30, 2014 and December 31, 2013 .

The effect of derivative instruments on the Condensed Statements of Consolidated Income (unaudited) was:

Derivatives in Cash Flow Hedging Relationships

Three Months Ended (*in millions*)

Derivatives in Cash Flow Hedging Relationships	Amount of Loss Recognized in OCI on Derivative (Effective Portion)				Location of Loss Reclassified from AOCI into Income (Effective Portion)	Amount of Loss Reclassified from AOCI into Income (Effective Portion)			
		June 30, 2014		June 30, 2013			**June 30, 2014**		June 30, 2013
Commodity price risk programs	**$**	**—**	$	(0.1)	Cost of Sales	**$**	**—**	$	—
Interest rate risk activities		**—**		—	Interest expense, net		**(0.4)**		(0.4)
Total	**$**	**—**	$	(0.1)		**$**	**(0.4)**	$	(0.4)

Six Months Ended (*in millions*)

Derivatives in Cash Flow Hedging Relationships	Amount of Gain Recognized in OCI on Derivative (Effective Portion)				Location of (Loss) Gain Reclassified from AOCI into Income (Effective Portion)	Amount of (Loss) Gain Reclassified from AOCI into Income (Effective Portion)			
		June 30, 2014		June 30, 2013			**June 30, 2014**		June 30, 2013
Commodity price risk programs	**$**	**0.1**	$	—	Cost of Sales	**$**	**(0.2)**	$	0.1
Interest rate risk activities		**—**		—	Interest expense, net		**(0.8)**		(0.8)
Total	**$**	**0.1**	$	—		**$**	**(1.0)**	$	(0.7)

ITEM 1. FINANCIAL STATEMENTS (continued)

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

There was no income statement recognition of gains or losses for the ineffective portion and amounts excluded from effectiveness testing for derivatives in cash flow hedging relationships for the three and six months ended June 30, 2014 and 2013 .

It is anticipated that during the next twelve months the expiration and settlement of cash flow hedge contracts will result in income statement recognition of amounts currently classified in AOCI of approximately zero .

Derivatives in Fair Value Hedging Relationships

Three Months Ended *(in millions)*

Derivatives in Fair Value Hedging Relationships	Location of Gain Recognized in Income on Derivatives	Amount of Gain Recognized in Income on Derivatives	
		June 30, 2014	June 30, 2013
Interest rate risk activities	Interest expense, net	$ —	$ 0.2
Total		$ —	$ 0.2

Six Months Ended *(in millions)*

Derivatives in Fair Value Hedging Relationships	Location of Loss Recognized in Income on Derivatives	Amount of Loss Recognized in Income on Derivatives	
		June 30, 2014	June 30, 2013
Interest rate risk activities	Interest expense, net	**$ (10.4)**	$ (9.5)
Total		**$ (10.4)**	$ (9.5)

Three Months Ended *(in millions)*

Hedged Item in Fair Value Hedge Relationships	Location of Loss Recognized in Income on Related Hedged Item	Amount of Loss Recognized in Income on Related Hedged Items	
		June 30, 2014	June 30, 2013
Fixed-rate debt	Interest expense, net	$ —	$ (0.2)
Total		$ —	$ (0.2)

Six Months Ended *(in millions)*

Hedged Item in Fair Value Hedge Relationships	Location of Gain Recognized in Income on Related Hedged Item	Amount of Gain Recognized in Income on Related Hedged Items	
		June 30, 2014	June 30, 2013
Fixed-rate debt	Interest expense, net	**$ 10.4**	$ 9.5
Total		**$ 10.4**	$ 9.5

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

Derivatives not designated as hedging instruments

Three Months Ended *(in millions)*

Derivatives Not Designated as Hedging Instruments	Location of Gain (Loss) Recognized in Income on Derivatives	Amount of Realized/Unrealized Gain (Loss) Recognized in Income on Derivatives [1]	
		June 30, 2014	June 30, 2013
Commodity price risk programs	Gas Distribution revenues	$ —	$ (0.1)
Commodity price risk programs	Cost of Sales	4.2	7.7
Commodity price risk programs	Income from Discontinued Operations - net of taxes	—	0.1
Total		$ 4.2	$ 7.7

[1] For the amounts of realized/unrealized gain (loss) recognized in income on derivatives disclosed in the table above, gains of $4.2 million and $7.6 million for the three months ended June 30, 2014 and 2013 , respectively, were deferred as allowed per regulatory orders. These amounts will be amortized to income over future periods of up to twelve months as specified in a regulatory order.

Six Months Ended *(in millions)*

Derivatives Not Designated as Hedging Instruments	Location of Gain Recognized in Income on Derivatives	Amount of Realized/Unrealized Gain Recognized in Income on Derivatives [2]	
		June 30, 2014	June 30, 2013
Commodity price risk programs	Cost of Sales	$ 11.1	$ 1.0
Commodity price risk programs	Income from Discontinued Operations - net of taxes	—	[illegible]
Total		$ 11.1	$ 1.3

[2] For the amounts of realized/unrealized gain (loss) recognized in income on derivatives disclosed in the table above, gains of $11.1 million and $1.0 million for the six months ended June 30, 2014 and 2013 , respectively, were deferred as allowed per regulatory orders. These amounts will be amortized to income over future periods of up to twelve months as specified in a regulatory order.

NiSource's derivative instruments measured at fair value as of June 30, 2014 and December 31, 2013 do not contain any credit-risk-related contingent features.

Certain NiSource affiliates have physical commodity purchase agreements that contain "ratings triggers" that require increases in collateral if the credit rating of NiSource or certain of its affiliates are rated below BBB- by Standard & Poor's or below Baa3 by Moody's. These agreements are primarily for the physical purchase or sale of natural gas and electricity. The collateral requirement from a downgrade below the ratings trigger levels would amount to approximately $0.7 million . In addition to agreements with ratings triggers, there are some agreements that contain "adequate assurance" or "material adverse change" provisions that could result in additional credit support such as letters of credit and cash collateral to transact business.

NiSource had $7.8 million and $5.9 million of cash on deposit with brokers and MISO for collateral requirements associated with open derivative positions reflected within "Restricted cash" on the Condensed Consolidated Balance Sheets (unaudited) as of June 30, 2014 and December 31, 2013 , respectively.

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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 NiSource's Condensed Consolidated Balance Sheets (unaudited) on a recurring basis and their level within the fair value hierarchy as of June 30, 2014 and December 31, 2013 :

Recurring Fair Value Measurements June 30, 2014 *(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, 2014
Assets				
Price risk management assets:				
Commodity financial price risk programs	$ 2.6	$ —	$ —	$ 2.6
Interest rate risk activities	—	10.7	—	10.7
Available-for-sale securities	24.3	94.3	—	118.6
Total	$ 26.9	$ 105.0	$ —	$ 131.9
Liabilities				
Price risk management liabilities:				
Commodity financial price risk programs	$ 0.9	$ —	$ 0.2	$ 1.1
Total	$ 0.9	$ —	$ 0.2	$ 1.1

Recurring Fair Value Measurements December 31, 2013 *(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, 2013
Assets				
Price risk management assets:				
Commodity financial price risk programs	$ 2.1	$ —	$ —	$ 2.1
Interest rate risk activities	—	21.1	—	21.1
Available-for-sale securities	25.3	96.1	—	121.4
Total	$ 27.4	$ 117.2	$ —	$ 144.6
Liabilities				
Price risk management liabilities:				
Commodity Financial price risk programs	$ 1.6	$ —	$ 0.1	$ 1.7
Total	$ 1.6	$ —	$ 0.1	$ 1.7

Price risk management assets and liabilities include commodity exchange-traded and non-exchange-based derivative contracts. Exchange-traded derivative contracts are based on unadjusted quoted prices in active markets and are classified within Level 1. These financial assets and liabilities are secured with cash on deposit with the exchange; therefore nonperformance risk has not been incorporated into these valuations. Certain non-exchange-traded derivatives are valued using broker or over-the-counter, on-line exchanges. In such cases, these non-exchange-traded derivatives are classified within Level 2. Non-exchange-based derivative instruments include swaps, forwards, and options. In certain instances, these instruments may utilize models to measure fair value. NiSource uses a similar model to value similar instruments. Valuation models utilize various inputs that include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, other observable inputs for the asset or liability, and market-corroborated inputs, i.e., inputs derived principally from or corroborated by observable market data by correlation or other means. Where observable inputs are available for substantially the full term of the asset or liability, the instrument is categorized in 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

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

of fair value, the instrument is categorized in 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, 2014 and December 31, 2013 , there were no material transfers between fair value hierarchies. Additionally, there were no changes in the method or significant assumptions used to estimate the fair value of NiSource's financial instruments.

Price risk management assets also include fixed-to-floating interest rate swaps, which are designated as fair value hedges, as a means to achieve NiSource's targeted level of variable-rate debt as a percent of total debt. NiSource uses a calculation of future cash inflows and estimated future outflows related to the swap agreements, which are discounted and netted to determine the current fair value. Additional inputs to the present value calculation include the contract terms, as well as market parameters such as current and projected interest rates and volatility. As they are based on observable data and valuations of similar instruments, the interest rate swaps are categorized in Level 2 in the fair value hierarchy. Credit risk is considered in the fair value calculation of the interest rate swap.

Available-for-sale securities are investments pledged as collateral for trust accounts related to NiSource's wholly-owned insurance company. Available-for-sale securities are included within "Other investments" in the Condensed Consolidated Balance Sheets (unaudited). Securities classified within Level 1 include U.S. Treasury debt securities which are highly liquid and are actively traded in over-the-counter markets. NiSource values corporate and mortgage-backed debt securities using a matrix pricing model that incorporates market-based information. These securities trade less frequently and are classified within Level 2. Total gains and losses from available-for-sale securities are included in other comprehensive income (loss). The amortized cost, gross unrealized gains and losses, and fair value of available-for-sale debt securities at June 30, 2014 and December 31, 2013 were:

June 30, 2014 *(in millions)*	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available-for-sale debt securities				
U.S. Treasury	$ 26.9	$ 0.3	$ (0.2)	$ 27.0
Corporate/Other	90.8	1.3	(0.5)	91.6
Total Available-for-sale debt securities	**$ 117.7**	**$ 1.6**	**$ (0.7)**	**$ 118.6**

December 31, 2013 *(in millions)*	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available-for-sale debt securities				
U.S. Treasury	$ 30.3	$ 0.3	$ (0.5)	$ 30.1
Corporate/Other	91.5	1.1	(1.3)	91.3
Total Available-for-sale debt securities	$ 121.8	$ 1.4	$ (1.8)	$ 121.4

For the three months ended June 30, 2014 and 2013 , the net realized gain on the sale of available-for-sale U.S. Treasury debt securities was zero and $0.2 million , respectively. For the three months ended June 30, 2014 and 2013 , the net realized gain on the sale of available-for-sale Corporate/Other bond debt securities was $0.1 million for each period.

For the six months ended June 30, 2014 and 2013 , the net realized gain on the sale of available-for-sale U.S. Treasury debt securities was $0.1 million and $0.4 million , respectively. For the six months ended June 30, 2014 and 2013 , the net realized gain on the sale of available-for-sale Corporate/Other bond debt securities was $0.2 million and $0.3 million , respectively.

The cost of maturities sold is based upon specific identification. At June 30, 2014 , approximately $4.9 million of U.S. Treasury debt securities have maturities of less than a year while the remaining securities have maturities of greater than one year. At June 30, 2014 , approximately $6.3 million of Corporate/Other bonds have maturities of less than a year while the remaining securities have maturities of greater than one 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, 2014 and 2013 .

Non-recurring Fair Value Measurements. There were no significant non-recurring fair value measurements recorded during the six months ended June 30, 2014 .

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

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate fair value.

Long-term Debt. The fair values of these securities are estimated based on the quoted market prices for the same or similar issues or on the rates offered for securities of the same remaining maturities. 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 as Level 2 within the fair value hierarchy. For the six months ended June 30, 2014 and 2013 , there were no changes in the method or significant assumptions used to estimate the fair value of the financial instruments.

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

(in millions)	**Carrying Amount as of June 30, 2014**	**Estimated Fair Value as of June 30, 2014**	Carrying Amount as of Dec. 31, 2013	Estimated Fair Value as of Dec. 31, 2013
Long-term debt (including current portion)	$ **8,170.6**	$ **9,123.1**	$ 8,135.3	$ 8,697.3

9. Transfers of Financial Assets

Transfers of accounts receivable are accounted for as secured borrowings resulting in the recognition of short-term borrowings on the Condensed Consolidated Balance Sheets (unaudited). The maximum amount of debt that can be recognized related to NiSource's accounts receivable programs is $515 million .

All accounts receivables sold to the commercial paper conduits are valued at face value, which approximates fair value due to their short-term nature. The amount of the undivided percentage ownership interest in the accounts receivables sold is determined in part by required loss reserves under the agreements. Below is information about the accounts receivable securitization agreements entered into by NiSource's subsidiaries.

Columbia of Ohio is under an agreement to sell, without recourse, substantially all of its trade receivables, as they originate, to CGORC, a wholly-owned subsidiary of Columbia of Ohio. CGORC, in turn, is party to an agreement with BTMU and BNS under the terms of which it sells an undivided percentage ownership interest in its accounts receivable to commercial paper conduits sponsored by BTMU and BNS. This agreement was last renewed on October 18, 2013. The maximum seasonal program limit under the terms of the current agreement is $240 million . The current agreement expires on October 17, 2014 , and can be further renewed if mutually agreed to by all parties. As of June 30, 2014 , $150.0 million of accounts receivable had been transferred by CGORC. CGORC is a separate corporate entity from NiSource and Columbia of Ohio, with its own separate obligations, and upon a liquidation of CGORC, CGORC's obligations must be satisfied out of CGORC's assets prior to any value becoming available to CGORC's stockholder.

NIPSCO is under an agreement to sell, without recourse, substantially all of its trade receivables, as they originate, to NARC, a wholly-owned subsidiary of NIPSCO. NARC, in turn, is party to an agreement with PNC and Mizuho under the terms of which it sells an undivided percentage ownership interest in its accounts receivable to commercial paper conduits sponsored by PNC and Mizuho. This agreement was last renewed on August 28, 2013. The maximum seasonal program limit under the terms of the current agreement is $200 million . The current agreement expires on August 27, 2014 , and can be further renewed if mutually agreed to by all parties. As of June 30, 2014 , $125.0 million of accounts receivable had been transferred by NARC. NARC is a separate corporate entity from NiSource and NIPSCO, with its own separate obligations, and upon a liquidation of NARC, NARC's obligations must be satisfied out of NARC's assets prior to any value becoming available to NARC's stockholder.

Columbia of Pennsylvania is under an agreement to sell, without recourse, substantially all of its trade receivables, as they originate, to CPRC, a wholly-owned subsidiary of Columbia of Pennsylvania. CPRC, in turn, is party to an agreement with BTMU under the terms of which it sells an undivided percentage ownership interest in its accounts receivable to a commercial paper conduit sponsored by BTMU. The maximum seasonal program limit under the terms of the agreement is $75 million . The agreement with BTMU was renewed on March 11, 2014, having a current scheduled termination date of March 10, 2015 , and can be further

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

renewed if mutually agreed to by both parties. As of June 30, 2014 , $25.0 million of accounts receivable had been transferred by CPRC. CPRC is a separate corporate entity from NiSource and Columbia of Pennsylvania, with its own separate obligations, and upon a liquidation of CPRC, CPRC's obligations must be satisfied out of CPRC's assets prior to any value becoming available to CPRC's stockholder.

The following table reflects the gross and net receivables transferred as well as short-term borrowings related to the securitization transactions as of June 30, 2014 and December 31, 2013 for Columbia of Ohio, NIPSCO and Columbia of Pennsylvania:

(in millions)		**June 30, 2014**		December 31, 2013
Gross Receivables	$	**503.3**	$	610.9
Less: Receivables not transferred		**203.3**		345.8
Net receivables transferred	$	**300.0**	$	265.1
Short-term debt due to asset securitization	$	**300.0**	$	265.1

Columbia of Ohio, NIPSCO and Columbia of Pennsylvania remain responsible for collecting on the receivables securitized and the receivables cannot be sold to another party.

10. Goodwill

NiSource tests its goodwill for impairment annually as of May 1 unless indicators, events, or circumstances would require an immediate review. Goodwill is tested for impairment using financial information at the reporting unit level, which is consistent with the level of discrete financial information reviewed by operating segment management. NiSource's three reporting units are Columbia Distribution Operations, Columbia Transmission Operations and NIPSCO Gas Distribution Operations.

NiSource's goodwill assets as of June 30, 2014 were $3.7 billion pertaining primarily to the acquisition of Columbia on November 1, 20[illegible] Of this amount, approximately $2.0 billion is allocated to Columbia Transmission Operations and $1.7 billion is allocated to Columbia Distribution Operations. In addition, NIPSCO Gas Distribution Operations' goodwill assets of $17.8 million at June 30, 2014 relate to the purchase of Northern Indiana Fuel and Light in March 1993 and Kokomo Gas in February 1992.

NiSource completed a quantitative ("step 1") fair value measurement of its reporting units during the May 1, 2012 goodwill test. The test indicated that the fair value of each of the reporting units that carry or are allocated goodwill substantially exceeded their carrying values, indicating that no impairment existed.

ASU 2011-08 allows entities testing goodwill for impairment the option of performing a qualitative ("step 0") assessment before calculating the fair value of a reporting unit for the goodwill impairment test. If a step 0 assessment is performed, an entity is no longer required to calculate the fair value of a reporting unit unless the entity determines that, based on that assessment, it is more likely than not that its fair value is less than its carrying amount.

NiSource applied the qualitative step 0 analysis to its reporting units for the annual impairment test performed as of May 1, 2014. For the current year test, NiSource assessed various assumptions, events and circumstances that would have affected the estimated fair value of the reporting units as compared to its base line May 1, 2012 step 1 fair value measurement. The results of this assessment indicated that it is not more likely than not that its reporting unit fair values are less than the reporting unit carrying values.

NiSource considered whether there were any events or changes in circumstances subsequent to the annual test that would reduce the fair value of any of the reporting units below their carrying amounts and necessitate another goodwill impairment test. No such indicators were noted that would require a subsequent goodwill impairment testing during the second quarter.

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

11. Income Taxes

NiSource's interim effective tax rates reflect the estimated annual effective tax rates for 2014 and 2013 , adjusted for tax expense associated with certain discrete items. The effective tax rates for the three months ended June 30, 2014 and 2013 were 33.5% and 31.2% , respectively. The effective tax rate for the six months ended June 30, 2014 and 2013 were 37.0% and 34.4% , respectively. These effective tax rates differ from the Federal tax rate of 35% primarily due to the effects of tax credits, state income taxes, utility ratemaking, and other permanent book-to-tax differences.

The increase in the three month effective tax rate of 2.3% in 2014 versus 2013 is primarily due to deferred tax adjustments recorded in 2013 related to state apportionment changes. The increase in the year-to-date effective tax rate of 2.6% is primarily due to the impact of the Indiana tax rate change, see below for further information, and deferred tax adjustments recorded in 2013 related to state apportionment changes.

On March 25, 2014, the governor of Indiana signed into law Senate Bill 1, which among other things, lowers the corporate income tax rate from 6.5% to 4.9% over six years beginning on July 1, 2015. The reduction in the tax rate will impact deferred income taxes and tax related regulatory assets and liabilities recoverable in the ratemaking process. In addition, other deferred tax assets and liabilities, primarily deferred tax assets related to the Indiana net operating loss carry forward, will be reduced to reflect the lower rate at which these temporary differences and tax benefits will be realized. In the first quarter of 2014, NiSource recorded tax expense of $7.1 million to reflect the effect of this rate change. This expense is largely attributable to the remeasurement of the Indiana net operating loss at the 4.9% rate. The majority of NiSource's tax temporary differences are related to NIPSCO's utility plant. The remeasurement of these temporary differences at 4.9% was recorded as a reduction of a regulatory asset.

There were no material changes recorded in the second quarter of 2014 to NiSource's uncertain tax positions as of December 31, 2013 .

12. Pension and Other Postretirement Benefits

NiSource provides defined contribution plans and noncontributory defined benefit retirement plans that cover its employees. Benefits under the defined benefit retirement plans reflect the employees' compensation, years of service and age at retirement. Additionally, NiSource provides health care and life insurance benefits for certain retired employees. The majority of employees may become eligible for these benefits if they reach retirement age while working for NiSource. The expected cost of such benefits is accrued during the employees' years of service. Current rates of rate-regulated companies include postretirement benefit costs, including amortization of the regulatory assets that arose prior to inclusion of these costs in rates. For most plans, cash contributions are remitted to grantor trusts.

For the six months ended June 30, 2014 , NiSource has contributed $12.5 million to its pension plans and $20.1 million to its other postretirement benefit plans.

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

The following tables provide the components of the plans' net periodic benefits cost for the three and six months ended June 30, 2014 and 2013 :

	Pension Benefits		Other Postretirement Benefits	
Three Months Ended June 30, *(in millions)*	**2014**	2013	**2014**	2013
Components of Net Periodic Benefit Cost				
Service cost	$ **8.7**	$ 9.3	$ **2.2**	$ 3.0
Interest cost	**27.3**	24.3	**7.8**	8.1
Expected return on assets	**(45.3)**	(42.1)	**(9.1)**	(7.6)
Amortization of transition obligation	**—**	—	**—**	0.1
Amortization of prior service cost (credit)	**—**	0.1	**(0.9)**	(0.2)
Recognized actuarial loss	**11.9**	19.7	**0.1**	2.8
Settlement loss	**—**	3.6	**—**	—
Total Net Periodic Benefit Costs	$ **2.6**	$ 14.9	$ **0.1**	$ 6.2

	Pension Benefits		Other Postretirement Benefits	
Six Months Ended June 30, *(in millions)*	**2014**	2013	**2014**	2013
Components of Net Periodic Benefit Cost				
Service cost	$ **17.4**	$ 18.7	$ **4.5**	$ 6.0
Interest cost	**54.6**	48.6	**16.0**	[illegible]
Expected return on assets	**(90.6)**	(84.5)	**(18.2)**	[illegible]
Amortization of transition obligation	**—**	—	**—**	0.2
Amortization of prior service cost (credit)	**—**	0.2	**(1.5)**	(0.4)
Recognized actuarial loss	**23.8**	40.4	**0.1**	5.6
Settlement loss	**—**	24.3	**—**	—
Total Net Periodic Benefit Costs	$ **5.2**	$ 47.7	$ **0.9**	$ 12.4

In 2013, NiSource pension plans had lump sum payouts exceeding the plan's 2013 service cost plus interest cost and, therefore, settlement accounting was required.

13. Variable Interests and Variable Interest Entities

In general, a VIE is an entity that (1) has an insufficient amount of at-risk equity to permit the entity to finance its activities without additional financial subordinated support provided by any parties, (2) whose at-risk equity owners, as a group, do not have power, through voting rights or similar rights, to direct activities of the entity that most significantly impact the entity's economic performance or (3) whose at-risk owners do not absorb the entity's losses or receive the entity's residual return. A VIE is required to be consolidated by a company if that company is determined to be the primary beneficiary of the VIE.

NiSource consolidates those VIEs for which it is the primary beneficiary. NiSource considers quantitative and qualitative elements in determining the primary beneficiary. Qualitative measures include the ability to control an entity and the obligation to absorb losses or the right to receive benefits.

NiSource's analysis includes an assessment of guarantees, operating leases, purchase agreements, and other contracts, as well as its investments and joint ventures. For items that have been identified as variable interests, or where there is involvement with an identified VIE, an in-depth review of the relationship between the relevant entities and NiSource is made to evaluate qualitative and quantitative factors to determ[illegible]he primary beneficiary, if any, and whether additional disclosures would be required under the current standard.

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

NIPSCO has a service agreement with Pure Air, a general partnership between Air Products and Chemicals, Inc. and First Air Partners LP, under which Pure Air provides scrubber services to reduce sulfur dioxide emissions for Units 7 and 8 at the Bailly Generating Station. NiSource has made an exhaustive effort to obtain information needed from Pure Air to determine the status of Pure Air as a VIE. However, NIPSCO has not been able to obtain this information and as a result, it is unclear whether Pure Air is a VIE and if NIPSCO is the primary beneficiary. NIPSCO will continue to request the information required to determine whether Pure Air is a VIE. NIPSCO has no exposure to loss related to the service agreement with Pure Air and payments under this agreement were $10.6 million and $6.4 million for the six months ended June 30, 2014 and 2013 , respectively.

14. Long-Term Debt

On July 15, 2014 , NiSource Finance redeemed $500.0 million of 5.40% senior unsecured notes at maturity.

15. Short-Term Borrowings

NiSource Finance maintains a $2.0 billion revolving credit facility with a syndicate of banks led by Barclays Capital with a termination date of September 28, 2018 . The purpose of the facility is to fund ongoing working capital requirements including the provision of liquidity support for NiSource's $1.5 billion commercial paper program, provide for issuance of letters of credit, and also for general corporate purposes. At June 30, 2014 , NiSource had no outstanding borrowings under this facility.

NiSource Finance's commercial paper program has a program limit of up to $1.5 billion with a dealer group comprised of Barclays, Citigroup, Credit Suisse, RBS and Wells Fargo. Commercial paper issuances are supported by available capacity under NiSource's $2.0 billion unsecured revolving credit facility. At June 30, 2014 , NiSource had $801.1 million of commercial paper outstanding.

As of June 30, 2014 , NiSource had $30.5 million of stand-by letters of credit outstanding of which $14.3 million were under the revolving credit facility. At December 31, 2013 , NiSource had $31.6 million of stand-by letters of credit outstanding of which $ 14.3 million were under the revolving credit facility.

Transfers of accounts receivable are accounted for as secured borrowings resulting in the recognition of short-term debt on the Condensed Consolidated Balance Sheets (unaudited) in the amount of $300.0 million and $265.1 million as of June 30, 2014 and December 31, 2013 , respectively. Refer to Note 9, "Transfers of Financial Assets," for additional information.

(in millions)		June 30, 2014		December 31, 2013
Commercial Paper weighted average interest rate of 0.63% and 0.70% at June 30, 2014 and December 31, 2013, respectively.	$	**801.1**	$	433.6
Accounts receivable securitization facility borrowings		**300.0**		265.1
Total Short-Term Borrowings	$	**1,101.1**	$	698.7

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

16. Share-Based Compensation

The stockholders approved and adopted the NiSource Inc. 2010 Omnibus Incentive Plan (the "Omnibus Plan"), at the Annual Meeting of Stockholders held on May 11, 2010. The Omnibus Plan provides for awards to employees and non-employee directors of incentive and nonqualified stock options, stock appreciation rights, restricted stock and restricted stock units, performance shares, performance units, cash-based awards and other stock-based awards. The Omnibus Plan provides that the number of shares of common stock of NiSource available for awards is 8,000,000 plus the number of shares subject to outstanding awards granted under either the 1994 Plan (defined below) or the Director Stock Incentive Plan ("Director Plan") that expire or terminate for any reason. No further awards are permitted to be granted under the 1994 Plan or the Director Plan. At June 30, 2014 , there were 6,320,477 shares reserved for future awards under the Omnibus Plan.

Prior to May 11, 2010, NiSource issued long-term equity incentive grants to key management employees under a long-term incentive plan approved by stockholders on April 13, 1994 ("1994 Plan"). The types of equity awards previously authorized under the 1994 Plan did not significantly differ from those permitted under the Omnibus Plan.

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

NiSource recognized stock-based employee compensation expense of $5.7 million and $4.4 million for the three months ended June 30, 2014 and 2013 , respectively, as well as related tax benefits of $1.9 million and $1.4 million , respectively. For the six months ended June 30, 2014 and 2013 , stock-based employee compensation expense of $11.0 million and $8.7 million was recognized, respectively, as well as related tax benefit of $4.1 million and $3.0 million , respectively.

As of June 30, 2014 , the total remaining unrecognized compensation cost related to nonvested awards amounted to $28.9 million , which will be amortized over the weighted-average remaining requisite service period of 2.3 years .

Stock Options. As of June 30, 2014 , approximately 0.1 million options were outstanding and exercisable with a weighted average strike price of $22.62 . No options were granted during the six months ended June 30, 2014 and 2013 . As of June 30, 2014 , the aggregate intrinsic value for the options outstanding and exercisable was $2.4 million . During the six months ended June 30, 2014 and 2013 , cash received from the exercise of options was $5.9 million and $15.3 million , respectively.

Restricted Stock Units and Restricted Stock. During the six months ended June 30, 2014 , NiSource granted 88,655 restricted stock units and shares of restricted stock, subject to service conditions. The total grant date fair value of restricted stock units and shares of restricted stock was $2.8 million , based on the average market price of NiSource's common stock at the date of each grant less the present value of any dividends not received during the vesting period, which will be expensed, net of forfeitures, over the vesting period which is generally three years. As of June 30, 2014 , 257,351 nonvested (all of which are expected to vest) restricted stock units and shares of restricted stock were granted and outstanding.

Performance Shares. During the six months ended June 30, 2014 , NiSource granted 535,037 performance shares subject to service and performance conditions. The grant date fair value of the awards was $16.6 million , based on the average market price of NiSource's common stock at the date of each grant less the present value of dividends not received during the vesting period which will be expensed, net of forfeitures, over the three year requisite service and performance period. As of June 30, 2014 , 1,735,551 nonvested performance shares were granted and outstanding.

401(k) Match, Profit Sharing and Company Contribution. NiSource has a voluntary 401(k) savings plan covering eligible employees that allows for periodic discretionary matches as a percentage of each participant's contributions payable in shares of common stock. NiSource also has a retirement savings plan that provides for discretionary profit sharing contributions payable in shares of common stock to eligible employees based on earnings results; and eligible exempt employees hired after January 1, 2010, receive a non-elective company contribution of three percent of eligible pay payable in shares of common stock. For the quarters ended June 30, 2014 and 2013 , NiSource recognized 401(k) match, profit sharing and non-elective contribution expense of $8.4 million and $7.9 million , respectively. For the six months ended June 30, 2014 and 2013 , NiSource recognized 401(k) match, profit sharing and non-elective contribution expenses of $16.9 million and $14.3 million , respectively.

17. Other Commitments and Contingencies

A. Guarantees and Indemnities. As a part of normal business, NiSource and certain subsidiaries enter into various agreements providing financial or performance assurance to third parties on behalf of certain subsidiaries. Such agreements include guarantees and stand-by letters of credit. These agreements are entered into primarily to support or enhance the creditworthiness otherwise attributed to a subsidiary on a stand-alone basis, thereby facilitating the extension of sufficient credit to accomplish the subsidiaries' intended commercial purposes. The total guarantees and indemnities in existence at June 30, 2014 and the years in which they expire were:

(in millions)	Total	2014	2015	2016	2017	2018	After
Guarantees of subsidiaries debt	$ 7,710.5	$ 500.0	$ 230.0	$ 616.5	$ 507.0	$ 800.0	$ 5,057.0
Accounts receivable securitization	300.0	300.0	—	—	—	—	—
Lines of credit	801.1	801.1	—	—	—	—	—
Letters of credit	30.5	12.6	17.9	—	—	—	—
Other guarantees	180.9	49.4	29.5	—	—	—	102.0
Total commercial commitments	$ 9,023.0	$ 1,663.1	$ 277.4	$ 616.5	$ 507.0	$ 800.0	$ 5,159.0

Guarantees of Subsidiaries Debt. NiSource has guaranteed the payment of $7.7 billion of debt for various wholly-owned subsidiaries including NiSource Finance and Columbia of Massachusetts, and through a support agreement, Capital Markets.

which is reflected on NiSource's Condensed Consolidated Balance Sheets (unaudited). The subsidiaries are required to comply with certain covenants under the debt indenture and in the event of default, NiSource would be obligated to pay the debt's principal and related interest. NiSource does not anticipate its subsidiaries will have any difficulty maintaining compliance. On October 3, 2011, NiSource executed a Second Supplemental Indenture to the original Columbia of Massachusetts Indenture dated April 1, 1991, for the specific purpose of guaranteeing Columbia of Massachusetts' outstanding medium-term notes.

Lines and Letters of Credit and Accounts Receivable Advances. NiSource Finance maintains a $2.0 billion revolving credit facility with a syndicate of banks led by Barclays Capital with a termination date of September 28, 2018 . The purpose of the facility is to fund ongoing working capital requirements including the provision of liquidity support for NiSource's $1.5 billion commercial paper program, provide for the issuance of letters of credit, and also for general corporate purposes. At June 30, 2014 , NiSource had no borrowings under its five-year revolving credit facility, $801.1 million in commercial paper outstanding and $300.0 million outstanding under its accounts receivable securitization agreements. At June 30, 2014 , NiSource issued stand-by letters of credit of approximately $30.5 million for the benefit of third parties. See Note 15, "Short-Term Borrowings," for additional information.

Other Guarantees or Obligations. NiSource has additional purchase and sales agreement guarantees totaling $67.6 million , which guarantee performance of the seller's covenants, agreements, obligations, liabilities, representations and warranties under the agreements. No amounts related to the purchase and sales agreement guarantees are reflected in the Condensed Consolidated Balance Sheets (unaudited). Management believes that the likelihood NiSource would be required to perform or otherwise incur any significant losses associated with any of the aforementioned guarantees is remote.

NiSource has on deposit a letter of credit with Union Bank, N.A., Collateral Agent, in a debt service reserve account in association with Millennium's notes as required under the Deposit and Disbursement Agreement that governs the Millennium notes. This account is to be drawn upon by the note holders in the event that Millennium is delinquent on its principal and interest payments. The value of NiSource's letter of credit represents 47.5% (NiSource's ownership percentage in Millennium) of the debt service reserve account requirement, or $16.2 million . The total exposure for NiSource is $16.2 million . NiSource has an accrued liability of $1.5 million related to the inception date fair value of this guarantee as of June 30, 2014 .

NiSource has issued other guarantees supporting derivative related payments associated with interest rate swap agreements issued by NiSource Finance, operating leases for many of its subsidiaries and for other agreements entered into by its current and former subsidiaries.

B. Other Legal Proceedings. In the normal course of its business, NiSource and its subsidiaries have been named as defendants in various legal proceedings. In the opinion of management, the ultimate disposition of these currently asserted claims will not have a material impact on NiSource's consolidated financial statements.

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

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

As of June 30, 2014 and December 31, 2013 , NiSource had recorded an accrual of approximately $132.9 million and $143.9 million , respectively, to cover environmental remediation at various sites. The current portion of this accrual is included in "Legal and environmental" in the Condensed Consolidated Balance Sheets (unaudited). The noncurrent portion is included in "Other noncurrent liabilities" in the Condensed Consolidated Balance Sheets (unaudited). NiSource accrues for costs associated with environmental remediation obligations when the incurrence of such costs is probable and the amounts can be reasonably estimated. The original estimates for cleanup can differ materially from the amount ultimately expended. The actual future expenditures depend on many factors, including currently enacted laws and regulations, the nature and extent of contamination, the method of cleanup, and the availability of cost recovery from customers. These expenditures are not currently estimable at some sites. NiSource periodically adjusts its accrual as information is collected and estimates become more refined.

Air

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

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

Climate Change . On June 2, 2014, the EPA proposed a GHG performance standard for existing fossil-fuel fired electric generating units under section 111(d) of the Clean Air Act. The proposed rule establishes state-specific CO_2 emission rate goals and requires each state to submit a plan indicating how the generating units within the state will meet the EPA's emission rate goal. Final CO_2 emission rate standards are expected to be set by the EPA in June 2015, and state plans are required to be submitted to the EPA as early as June 2016. The cost to comply with this rule will depend on a number of factors, including the requirements of the final federal regulation and the level of NIPSCO's required GHG reductions. It is possible that this new rule, comprehensive federal or state GHG legislation, or other GHG regulation could result in additional expense or compliance costs that could materially impact NiSource's financial results.

National Ambient Air Quality Standards . The CAA requires the EPA to set NAAQS for particulate matter and five other pollutants considered harmful to public health and the environment. Periodically the EPA imposes new or modifies existing NAAQS. States that contain areas that do not meet the new or revised standards must take steps to maintain or achieve compliance with the standards. These steps could include additional pollution controls on boilers, engines, turbines, and other facilities owned by electric generation, gas distribution, and gas transmission operations.

The following NAAQS were recently added or modified:

Particulate Matter: In December 2009, the EPA issued area designations for the 2006 24-hour $PM_{2.5}$ standard, and several counties in which NiSource operates were designated as non-attainment. In addition, a final rule was promulgated in December 2012 that lowered the annual $PM_{2.5}$ standard from 15 to 12 $\mu g/m^3$. NiSource will continue to monitor these matters and cannot estimate their impact at this time.

Ozone (eight hour): On September 2, 2011, the EPA announced it would implement its 2008 eight-hour ozone NAAQS rather than tightening the standard in 2012. The EPA will review, and possibly propose a new standard in 2014. In addition, the EPA has designated the Chicago metropolitan area, including the area in which NIPSCO operates one of its electric generation facilities, as non-attainment for ozone. NiSource will continue to monitor this matter and cannot estimate the impact of any new rules at this time.

Nitrogen Dioxide (NO_2): The EPA revised the NO_2 NAAQS by adding a one-hour standard while retaining the annual standard. The new standard could impact some NiSource combustion sources. The EPA designated all areas of the country as unclassifiable/attainment in January 2012. After the establishment of a new monitoring network and possible modeling implementation, areas will potentially be re-designated sometime in 2016. States with areas that do not meet the standard will be required to develop rules to bring areas into compliance within five years of designation. Additionally, under certain permitting circumstances emissions from some existing NiSource combustion sources may need to be assessed and mitigated. NiSource will continue to monitor this matter and cannot estimate the impact of these rules at this time.

Waste

NiSource subsidiaries are potentially responsible parties at waste disposal sites under the CERCLA (commonly known as Superfund) and similar state laws. Additionally, 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 66 such sites where liability is probable. Remedial actions at many of these sites are being overseen by state or federal environmental agencies through consent agreements or voluntary remediation agreements.

NiSource utilizes a probabilistic model to estimate its future remediation costs related to its MGP sites. The model was prepared with the assistance of a third party and incorporates NiSource and general industry experience with remediating MGP sites. NiSource completes an annual refresh of the model in the second quarter of each fiscal year. No material changes to the estimated liability were noted as a result of the refresh completed as of June 30, 2014. The total estimated liability at NiSource related to the facilities subject to remediation was $123.7 million and $129.5 million at June 30, 2014 and December 31, 2013 , respectively. The liability represents NiSource's best estimate of the probable cost to remediate the facilities. NiSource believes that it is reasonably possible that remediation costs could vary by as much as $25 million in addition to the costs noted above. Remediation costs are estimated based on the best available information, applicable remediation standards at the balance sheet date, and experience with similar facilities.

Additional Issues Related to Individual Business Segments

The sections below describe various regulatory actions that affect Columbia Pipeline Group Operations and Electric Operations.

ITEM 1. FINANCIAL STATEMENTS (continued)

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

Columbia Pipeline Group Operations.

Air
In April 2014, the Pennsylvania DEP proposed a rule, *Additional RACT Requirements for Major Sources of NOx and VOCs* , which may require emissions reductions from several Columbia Transmission turbines and reciprocating engines. Management has been provided three years to make its emissions sources compliant. The rule is expected to be finalized by the end of 2014. Columbia Transmission will continue to monitor developments in this matter and cannot estimate costs at this time.

Waste
Columbia Transmission continues to conduct characterization and remediation activities at specific sites under a 1995 AOC (subsequently modified in 1996 and 2007). NiSource utilizes a probabilistic model to estimate its future remediation costs related to the 1995 AOC. The model was prepared with the assistance of a third party and incorporates NiSource and general industry experience with remediating sites. NiSource completes an annual refresh of the model in the second quarter of each fiscal year. No material changes to the liability were noted as a result of the refresh completed as of June 30, 2014. The total remaining liability at Columbia Transmission related to the facilities subject to remediation was $4.1 million and $8.7 million at June 30, 2014 and December 31, 2013 , respectively. The liability represents Columbia Transmission's best estimate of the cost to remediate the facilities or manage the sites. Remediation costs are estimated based on the information available, applicable remediation standards, and experience with similar facilities. Columbia Transmission expects that the remediation for these facilities will be substantially completed in 2015.

Electric Operations.

Air
NIPSCO is subject to a number of new air-quality mandates in the next several years. These mandates require NIPSCO to make capital improvements to its electric generating stations. The cost of capital improvements is estimated to be $860 million , of which approximately $105.2 million remains to be spent. This figure includes additional capital improvements associated with the New Source Review Consent Decree and the Utility Mercury and Air Toxics Standards Rule. NIPSCO believes that the capital costs will likely be recoverable from customers.

EPA Cross-State Air Pollution Rule / Clean Air Interstate Rule (CAIR) / Transport Rule: On July 6, 2011, the EPA announced its replacement for the 2005 CAIR to reduce the interstate transport of fine particulate matter and ozone. The CSAPR reduces overall emissions of SO2 and NOx by setting state-wide caps on power plant emissions. The EPA initially intended to implement an emissions trading program and other aspects of the CSAPR in 2012, but this implementation date was delayed by litigation. The EPA now is seeking permission from a court to begin enforcing CSAPR on January 1, 2015. The EPA's implementation of CSAPR would not significantly impact NIPSCO's current emissions control plans. NIPSCO utilizes the inventory model in accounting for emission allowances issued under the CAIR program whereby these allowances were recognized at zero cost upon receipt from the EPA. NIPSCO believes its current multi-pollutant compliance plan and New Source Review Consent Decree capital investments will allow NIPSCO to meet the emission requirements of CSAPR.

Utility Mercury and Air Toxics Standards Rule: On December 16, 2011, the EPA finalized the MATS rule establishing new emissions limits for mercury and other air toxics. Compliance for NIPSCO's affected units is required by April 2016. NIPSCO is implementing an IURC-approved plan for environmental controls to comply with MATS.

New Source Review: On September 29, 2004, the EPA issued an NOV to NIPSCO for alleged violations of the CAA and the Indiana SIP. The NOV alleged that modifications were made to certain boiler units at three of NIPSCO's generating stations between the years 1985 and 1995 without obtaining appropriate air permits for the modifications. NIPSCO, the EPA, the Department of Justice, and IDEM have settled the matter through a consent decree, entered on July 22, 2011.

Water
The Phase II Rule of the Clean Water Act Section 316(b), which requires all large existing steam electric generating stations to meet certain performance standards to reduce the effects on aquatic organisms at their cooling water intake structures, became effective on September 7, 2004. Under this rule, stations will either have to demonstrate that the performance of their existing fish protection systems meet the new standards or develop new systems, such as a closed-cycle cooling tower. A pre-publication version of the final rule was released on May 19, 2014. NIPSCO is still evaluating the final rule and cannot estimate the cost of compliance at this time.

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

On June 7, 2013, the EPA published a proposed rule to amend the effluent limitations guidelines and standards for the Steam Electric Power Generating category. These proposed regulations could impose new water treatment requirements on NIPSCO's electric generating facilities. NIPSCO will continue to monitor developments in this matter and cannot estimate the cost of compliance at this time.

Waste
On June 21, 2010, the EPA published a proposed rule for regulation of CCRs. The proposal outlines multiple regulatory approaches that the EPA is considering. These proposed regulations could negatively affect NIPSCO's ongoing byproduct reuse programs and would impose additional requirements on its management of coal combustion residuals. NIPSCO will continue to monitor developments in this matter and cannot estimate the cost of compliance at this time.

D. Other Matters.
Transmission Upgrade Agreements. On February 11, 2014, NIPSCO entered into TUAs with upgrade sponsors to complete upgrades on NIPSCO's transmission system on behalf of those sponsors. The upgrade sponsors have agreed to reimburse NIPSCO for the total cost to construct transmission upgrades and place them into service, which is estimated at $50.3 million , multiplied by a rate of 1.71 ("the multiplier").

On June 10, 2014, certain upgrade sponsors for both TUAs, filed a complaint at FERC against NIPSCO regarding the multiplier stated in the TUAs. On June 30, 2014, NIPSCO filed an answer defending the terms of the TUAs and the just and reasonable nature of the multiplier charged therein and moved for dismissal of the complaint. NIPSCO will continue to monitor developments in this matter but cannot estimate the impact (if any) on the Condensed Consolidated Financial Statements (unaudited) the complaint will have at this time.

Springfield, Massachusetts. On November 23, 2012, while Columbia of Massachusetts was investigating the source of an odor of gas at a service location in Springfield, Massachusetts, a gas service line was pierced and an explosion occurred. While this explosion impacted multiple buildings and resulted in several injuries, no life threatening injuries or fatalities have been reported. Columbia of Massachusetts is fully cooperating with both the Massachusetts DPU and the Occupational Safety & Health Administration in their investigations of this incident. Columbia of Massachusetts believes any costs associated with damages, injuries, and other losses related to this incident are substantially covered by insurance. Any amounts not covered by insurance are not expected to have a material impact on NiSource's consolidated financial statements. In accordance with GAAP, NiSource recorded any accruals and the related insurance recoveries resulting from this incident on a gross basis within the Condensed Consolidated Balance Sheets (unaudited).

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

18. Accumulated Other Comprehensive Loss

The following tables display the components of Accumulated Other Comprehensive Loss for the three and six months ended June 30, 2014 and 2013 :

Three Months Ended June 30, 2014 *(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, 2014	$	$ (25.2)	$ (17.3)	$ (42.5)
Other comprehensive income before reclassifications	0.5		(0.3)	0.2
Amounts reclassified from accumulated other comprehensive income	—	0.7	0.2	0.9
Net current-period other comprehensive income	0.5	0.7	(0.1)	1.1
Balance as of June 30, 2014	**$ 0.5**	**$ (24.5)**	**$ (17.4)**	**$ (41.4)**

Six Months Ended June 30, 2014 *(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, 2014	$ (0.3)	$ (25.8)	$ (17.5)	$ (43.6)
Other comprehensive income before reclassifications	1.0	0.1	(0.3)	0.8
Amounts reclassified from accumulated other comprehensive income	(0.2)	1.2	0.4	1.4
Net current-period other comprehensive (loss) income	0.8	1.3	0.1	2.2
Balance as of June 30, 2014	**$ 0.5**	**$ (24.5)**	**$ (17.4)**	**$ (41.4)**

Three Months Ended June 30, 2013 *(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, 2013	$ 2.2	$ (27.7)	$ (36.8)	$ 62.3
Other comprehensive income before reclassifications	(2.8)	(0.1)	1.9	(1.0)
Amounts reclassified from accumulated other comprehensive income	(0.1)	0.6	0.8	1.3
Net current-period other comprehensive income	(2.9)	0.5	2.7	0.3
Balance as of June 30, 2013	**$ (0.7)**	**$ (27.2)**	**$ (34.1)**	**$ (62.0)**

Six Months Ended June 30, 2013 *(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, 2013	$ 2.6	$ (28.6)	$ (39.5)	$ (65.5)
Other comprehensive income before reclassifications	(2.9)		3.2	0.3
Amounts reclassified from accumulated other comprehensive income	(0.4)	1.4	2.2	3.2
Net current-period other comprehensive (loss) income	(3.3)	1.4	5.4	3.5
Balance as of June 30, 2013	**$ (0.7)**	**$ (27.2)**	**$ (34.1)**	**$ (62.0)**

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

Equity Investment

As Millennium is an equity method investment, NiSource is required to recognize a proportional share of Millennium's OCI. The remaining unrecognized loss at June 30, 2014 of $17.1 million , net of tax, related to terminated interest rate swaps is being amortized over the period ending June 2025 into earnings using the effective interest method through interest expense as interest payments are made by Millennium. The unrecognized loss of $17.1 million and $17.7 million at June 30, 2014 and December 31, 2013 , respectively, is included in gains and losses on cash flow hedges above.

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

19. Business Segment Information

Operating segments are components of an enterprise for which separate financial information is available and evaluated regularly by the chief operating decision maker in deciding how to allocate resources and assess performance. NiSource's Chief Executive Officer is the chief operating decision maker.

At June 30, 2014 , NiSource's operations are divided into three primary business 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 Columbia Pipeline Group Operations segment offers gas transportation and storage services for LDCs, marketers and industrial and commercial customers located in northeastern, mid-Atlantic, midwestern and southern states along with unregulated businesses that include midstream services and development of mineral rights positions. The Electric Operations segment provides electric service in 20 counties in the northern part of Indiana.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
(in millions)	**2014**	2013	**2014**	2013
Revenues				
Gas Distribution Operations				
Unaffiliated	**$ 616.5**	$ 572.4	**$ 2,181.9**	$ [illegible]
Intersegment	**0.1**	—	**0.3**	[illegible]
Total	**616.6**	572.4	**2,182.2**	1,717.5
Columbia Pipeline Group Operations				
Unaffiliated	**311.3**	242.3	**614.5**	500.7
Intersegment	**32.2**	31.5	**74.6**	74.5
Total	**343.5**	273.8	**689.1**	575.2
Electric Operations				
Unaffiliated	**405.3**	384.9	**855.5**	762.3
Intersegment	**0.1**	0.2	**0.3**	0.4
Total	**405.4**	385.1	**855.8**	762.7
Corporate and Other				
Unaffiliated	**2.0**	1.9	**3.7**	3.4
Intersegment	**128.9**	110.0	**255.7**	231.7
Total	**130.9**	111.9	**259.4**	235.1
Eliminations	**(161.3)**	(141.7)	**(330.9)**	(306.8)
Consolidated Gross Revenues	**$ 1,335.1**	$ 1,201.5	**$ 3,655.6**	$ 2,983.7
Operating Income (Loss)				
Gas Distribution Operations	**$ 59.8**	$ 50.0	**$ 361.6**	$ 284.1
Columbia Pipeline Group Operations	**103.7**	88.8	**262.6**	222.3
Electric Operations	**62.9**	59.5	**141.8**	124.7
Corporate and Other	**(6.8)**	(4.3)	**(12.7)**	(8.2)
Consolidated Operating Income	**$ 219.6**	$ 194.0	**$ 753.3**	$ [illegible]

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

20. Supplemental Cash Flow Information

The following table provides additional information regarding NiSource's Condensed Statements of Consolidated Cash Flows (unaudited) for the six months ended June 30, 2014 and 2013 :

	Six Months Ended June 30,	
(in millions)	**2014**	2013
Supplemental Disclosures of Cash Flow Information		
Non-cash transactions:		
Capital expenditures included in current liabilities	**$ 194.6**	$ 146.5
Assets acquired under a capital lease	**55.8**	3.3
Schedule of interest and income taxes paid:		
Cash paid for interest, net of interest capitalized amounts	**$ 207.6**	$ 204.5
Cash paid for income taxes	**9.6**	6.0

NiSource Inc.

Note regarding forward-looking statements

The Management's Discussion and Analysis, including statements regarding market risk sensitive instruments, contains "forward-looking statements," within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Investors and prospective investors should understand that many factors govern whether any forward-looking statement contained herein will be or can be realized. Any one of those factors could cause actual results to differ materially from those projected. These forward-looking statements include, but are not limited to, statements concerning NiSource's plans, objectives, expected performance, expenditures and 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. From time to time, NiSource may publish or otherwise make available forward-looking statements of this nature. All such subsequent forward-looking statements, whether written or oral and whether made by or on behalf of NiSource, are also expressly qualified by these cautionary statements. All forward-looking statements are based on assumptions that management believes to be reasonable; however, there can be no assurance that actual results will not differ materially.

Realization of NiSource's objectives and expected performance is subject to a wide range of risks and can be adversely affected by, among other things, weather, fluctuations in supply and demand for energy commodities, growth opportunities for NiSource's businesses, increased competition in deregulated energy markets, the success of regulatory and commercial initiatives, dealings with third parties over whom NiSource has no control, actual operating experience of NiSource's assets, the regulatory process, regulatory and legislative changes, the impact of potential new environmental laws or regulations, the results of material litigation, changes in pension funding requirements, changes in general economic, capital and commodity market conditions, counterparty credit risk, and the matters set forth in the "Risk Factors" section of NiSource's 2013 Form 10-K, many of which are beyond the control of NiSource. In addition, the relative contributions to profitability by each segment, and the assumptions underlying the forward-looking statements relating thereto, may change over time. NiSource expressly disclaims a duty to update any of the forward-looking statements contained in this report.

The following Management's Discussion and Analysis of Financial Conditions and Results of Operations should be read in conjunction with NiSource's Annual Report on Form 10-K for the fiscal year ended December 31, 2013 .

CONSOLIDATED REVIEW

Executive Summary

NiSource (the "Company") is an energy holding company under the Public Utility Holding Company Act of 2005 whose subsidiaries are engaged in the transmission, storage and distribution of natural gas in the high-demand energy corridor stretching from the Gulf Coast through the Midwest to New England and the generation, transmission and distribution of electricity in Indiana. NiSource generates virtually 100% of its operating income through these rate-regulated businesses. A significant portion of NiSource's operations is subject to seasonal fluctuations in sales. During the heating season, which is primarily from November through March, net revenues from gas sales are more significant, and during the cooling season, which is primarily from June through September, net revenues from electric sales and transportation services are more significant, than in other months.

For the six months ended June 30, 2014 , NiSource reported income from continuing operations of $344.9 million , or $1.10 per basic share, compared to $288.4 million , or $0.92 per basic share reported for the same period in 2013.

The increase in income from continuing operations was due primarily to the following items:

- Regulatory and service programs at Gas Distribution Operations increased net revenues by $59.1 million primarily due to the impacts of the rate settlement in 2013 at Columbia of Pennsylvania and the implementation of rates under Columbia of Ohio's approved infrastructure replacement program. Refer to Note 8, "Regulatory Matters," to the Consolidated Financial Statements included in NiSource's Annual Report on Form 10-K for the fiscal year ended December 31, 2013 for more information.

- Colder weather in 2014 resulted in an increase in income from continuing operations of $26.4 million compared to the prior year. Weather statistics are provided in the Gas Distribution Operations' segment discussion.

- Growth projects placed in service resulted in an increase in demand margin revenue of $22.4 million at Columbia Pipeline Group Operations. Refer to the Columbia Pipeline Group Operations' segment discussion for further information on growth projects.

- The Company recognized previously deferred gains of $17.8 million from the conveyances of mineral interests at Columbia Pipeline Group Operations. As of June 30, 2014, remaining gains of approximately $21.8 million recorded in "Deferred revenue" on the *Condensed Consolidated Balance Sheets (unaudited) will be recognized in earnings upon performance of future obligations.*

These increases to income from continuing operations were partially offset by the following:

- Employee and administrative expense increased by $26.9 million due primarily to outages and maintenance, greater labor expense due to a growing workforce and reduced payroll capitalization, and IT support and enhancement projects.

- Interest expense increased by $17.6 million resulting from the issuance of $500.0 million of long-term debt in October 2013 and the issuance of $750.0 million of long-term debt in April 2013, partially offset by the maturity of $420.3 million of long-term debt in March 2013.

- Depreciation and amortization increased $13.9 million primarily due to higher capital expenditures. NiSource projects 2014 capital expenditures to be approximately $2.2 billion .

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

Platform for Growth

NiSource's business plan will continue to center on commercial and regulatory initiatives: commercial growth and expansion of the gas transmission and storage business; financial management of the balance sheet; and cost and process excellence.

Commercial and Regulatory Initiatives

Source is moving forward on regulatory initiatives across several distribution company markets. Whether through full rate case filings or other oaches, NiSource's goal is to develop strategies that benefit all stakeholders as it addresses changing customer conservation patterns, develops more contemporary pricing structures, and embarks on long-term investment programs to enhance its infrastructure.

NIPSCO continued to focus on customer service, reliability and long-term growth and modernization initiatives during the second quarter, while *executing on significant environmental investments.*

- On April 30, 2014, the IURC approved NIPSCO's seven-year, $710 million, natural gas modernization program, referred to as TDSIC. This program, which complements the in-progress $1.1 billion electric TDSIC approved in February 2014, will address system modernization as well as system expansion in certain areas.

- Progress also continued on two major NIPSCO electric transmission projects designed to enhance system flexibility and reliability. The route has been selected for the Greentown-Reynolds project, a 70-mile, 765-kV line. The project is a joint development agreement with Pioneer Transmission. The Reynolds-Topeka project, a 100-mile, 345-kV line, remains on schedule with right-of-way acquisition and permitting in process. The projects involve a NIPSCO investment of approximately $500 million and are anticipated to be in service by the end of 2018.

- Two remaining FGD projects at NIPSCO's coal-fired electric generating facilities remain on schedule and on budget. The FGD investments are part of approximately $860 million in environmental investments, including water quality and emission-control projects, recently completed and planned at NIPSCO's electric generating facilities. One project is expected to be completed by the end of 2014 and the other by the end of 2015.

NiSource's Gas Distribution companies continue to execute their strategy of long-term infrastructure replacement and enhancement, and advance their regulatory agenda.

- On April 30, 2014, Columbia of Virginia filed a rate case with the VSCC to recover investments with a multi-year gas distribution system modernization program. If approved as filed, the case would increase annual revenues by approximately $24.9 million. The VSCC issued a procedural order in the case on May 28, 2014 which scheduled the case for hearing on December 9, 2014. New rates are subject to refund and are scheduled to become effective October 1, 2014.

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

NiSource Inc.

- On June 26, 2014, Massachusetts Governor Deval Patrick signed into law House Bill 4164, an Act relative to natural gas leaks. The centerpiece of the Bill significantly reduces the lag in recovery associated with priority pipe replacement under Columbia of Massachusetts' current Targeted Infrastructure Reinvestment Factor. Columbia of Massachusetts will make its first filing under the new law on October 31, 2014.

- On March 21, 2014, Columbia of Pennsylvania filed a rate case with the Pennsylvania PUC to support continuation of Columbia of Pennsylvania's ongoing infrastructure modernization program. If approved, the case would increase annual revenues by approximately $54.1 million. The case is currently in discovery, and a final order from the Pennsylvania PUC is expected in the fourth quarter of 2014.

Refer to Note 6, "Regulatory Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for a complete discussion of regulatory and commercial matters.

Modernization, Commercial Growth and Expansion of the Columbia Pipeline Group Operations

Columbia Pipeline Group Operations continues to make progress on its long-term infrastructure modernization program, as well as a series of midstream and core growth initiatives tied to NiSource's asset position in the Utica and Marcellus Shale production regions.

- Columbia Transmission began engineering and planning for the approximately $50 million Utica Access project. The project includes construction of nearly 5 miles of 20 inch pipeline and other facilities to provide 205,000 Dth per day of new firm service to allow Utica production access to liquid trading points on its system. This project is expected to be in service late in 2016.

- Columbia Transmission is on track with the second year of its long-term system modernization program. Under the program, Columbia Transmission will invest approximately $300 million annually in improvements to system reliability, safety and flexibility. Columbia Transmission and its customers have agreed to the initial five years of the comprehensive modernization program, with an opportunity to mutually extend the agreement. The overall program is expected to last 10 years or more and involves an aggregate investment in excess of $4 billion.

Financial Management of the Balance Sheet

On July 15, 2014 , NiSource Finance redeemed $500.0 million of 5.40% senior unsecured notes at maturity.

Additionally on July 15, 2014, $500.0 million of fixed-to-variable interest rate swaps expired, whereby NiSource Finance received payments based upon a fixed 5.40% interest rate and paid a floating interest rate amount based on U.S. 6-month BBA LIBOR plus an average of 0.78% per annum.

On March 14, 2014, Standard & Poor's affirmed the senior unsecured ratings for NiSource and its subsidiaries at BBB-. Standard & Poor's outlook for NiSource and all of its subsidiaries is stable. On January 31, 2014, Moody's Investors Service upgraded the senior unsecured rating for NiSource to Baa2 from Baa3 and NiSource's commercial paper rating to P-2 from P-3. Additionally, the rating for NIPSCO was upgraded to Baa1 from Baa2.

Ethics and Controls

NiSource has had a long-term commitment to providing accurate and complete financial reporting as well as high standards for ethical behavior by its employees. NiSource's senior management takes an active role in the development of this Form 10-Q and the monitoring of the company's internal control structure and performance. In addition, NiSource will continue its mandatory ethics training program for all employees.

Refer to "Controls and Procedures" included in Item 4.

Results of Operations
Quarter Ended June 30, 2014

Net Income
NiSource reported net income of $78.2 million , or $0.25 per basic share, for the three months ended June 30, 2014 , compared to net income of $71.7 million , or $0.23 per basic share, for the second quarter of 2013 . Income from continuing operations was $78.5 million , or $0.25 per basic share, for the three months ended June 30, 2014 , compared to income from continuing operations of $72.4 million , or $0.23 per basic share, for the second quarter of 2013 . Operating income was $219.6 million , an increase of $25.6 million from the same period in 2013 . All per share amounts are basic earnings per share. Basic average shares of common stock outstanding at June 30, 2014 were 315.0 million compared to 312.2 million at June 30, 2013 .

Comparability of line item operating results between quarterly periods is impacted by regulatory and tax trackers that allow for the recovery in rates of certain costs such as bad debt expenses. Therefore, increases in these tracked operating expenses are offset by increases in net revenues and have essentially no impact on income from continuing operations.

Net Revenues
Total consolidated net revenues (gross revenues less cost of sales) for the quarter ended June 30, 2014 , were $963.4 million , a $111.2 million increase from the same period last year. This increase in net revenues was primarily due to increased Columbia Pipeline Group Operations' net revenues of $69.7 million, higher Gas Distribution Operations' net revenues of $26.1 million and increased Electric Operations' net revenues of $15.3 million.

- Columbia Pipeline Group Operations' net revenues increased primarily due to higher regulatory trackers, which are offset in expense, of $47.5 million, increased demand margin revenue of $15.0 million as a result of growth projects placed in service and higher mineral rights royalty revenue of $7.5 million.
- Gas Distribution Operations' net revenues increased primarily due to an increase of $19.0 million for regulatory and service programs, including the impacts of the rate settlement in 2013 at Columbia of Pennsylvania and the implementation of rates under Columbia of Ohio's approved infrastructure replacement program.
- Electric Operations' net revenues increased primarily due to higher industrial, commercial, and residential usage of $8.1 million, an increase in the return on the environmental capital investment recovery of $5.0 million due to an increased plant balance eligible for recovery, lower fuel handling costs of $2.2 million and the effects of weather of $2.1 million. These increases were partially offset by a decrease in off-system sales of $5.5 million.

Operating Expenses
Operating expenses for the second quarter of 2014 were $754.9 million , an increase of $88.7 million from the 2013 period. This increase was primarily due to higher operation and maintenance expenses of $80.7 million and increased depreciation and amortization of $5.8 million. The increase in operation and maintenance expenses was primarily due to increased regulatory trackers, which are offset in net revenues, of $48.1 million, higher outside service costs of $11.2 million, increased employee and administrative costs of $11.1 million, and higher electric generation costs of $11.0 million as a result of outages and maintenance. The increase in depreciation and amortization is primarily due to higher capital expenditures placed in service.

Equity Earnings in Unconsolidated Affiliates
Equity Earnings in Unconsolidated Affiliates were $11.1 million during the second quarter of 2014 compared to $8.0 million for the second quarter of 2013 . Equity Earnings in Unconsolidated Affiliates includes investments in Millennium, Hardy Storage and Pennant, which are integral to the Columbia Pipeline Group Operations' business. Equity earnings increased primarily from increased earnings at Millennium attributable to growth projects placed in service.

Other Income (Deductions)
Other Income (Deductions) reduced income by $101.6 million in the second quarter of 2014 compared to a reduction in income of $88.7 million in the prior year. The increase in deductions is primarily due to an increase in interest expense of $7.1 million resulting from the issuance of $500.0 million of long-term debt in October 2013.

Income Taxes

Income tax expense for the quarter ended June 30, 2014 was $39.5 million compared to $32.9 million in the prior year. NiSource's interim effective tax rates reflect the estimated annual effective tax rates for 2014 and 2013, adjusted for tax expense associated with certain discrete items. The effective tax rates for the quarters ended June 30, 2014 and 2013 were 33.5% and 31.2% , respectively. These effective tax rates differ from the Federal tax rate of 35% primarily due to the effects of tax credits, state income taxes, utility rate-making, and other permanent book-to-tax differences. The 2.3% increase from 2013 to 2014 is primarily due to deferred tax adjustments recorded in 2013 related to state apportionment changes. Refer to Note 11, "Income Taxes," in the Notes to Consolidated Financial Statements (unaudited) for further discussion of income taxes.

Results of Operations
Six Months Ended June 30, 2014

Net Income

NiSource reported net income of $344.4 million , or $1.10 per basic share, for the six months ended June 30, 2014 , compared to net income of $332.2 million , or $1.06 per basic share, for the six months ended 2013 . Income from continuing operations was $344.9 million , or $1.10 per basic share, for the six months ended June 30, 2014 , compared to income from continuing operations of $288.4 million , or $0.92 per basic share, for the six months ended 2013 . Operating income was $753.3 million , an increase of $130.4 million from the same period in 2013 . All per share amounts are basic earnings per share. Basic average shares of common stock outstanding at June 30, 2014 were 314.6 million compared to 311.7 million at June 30, 2013 .

Comparability of line item operating results between quarterly periods is impacted by regulatory and tax trackers that allow for the recovery in rates of certain costs such as bad debt expenses. Therefore, increases in these tracked operating expenses are offset by increases in net revenues and have essentially no impact on income from continuing operations.

Net Revenues

Total consolidated net revenues (gross revenues less cost of sales) for the six months ended June 30, 2014 , were $2,222.6 million , a $264.2 million increase from the same period last year. This increase in net revenues was primarily due to increased Gas Distribution Operations' net revenues of $117.4 million, higher Columbia Pipeline Group Operations' net revenues of $113.9 million and increased Electric Operations' net revenues of $32.6 million.

- Gas Distribution Operations' net revenues increased primarily due to an increase of $59.1 million for regulatory and service programs, including the impacts of the rate settlement in 2013 at Columbia of Pennsylvania and the implementation of rates under Columbia of Ohio's approved infrastructure replacement program. Additionally, there were the effects of colder weather of $19.9 million, increased regulatory and tax trackers, which are offset in expense, of $17.4 million, higher residential and commercial usage of $7.2 million, an increase in off-system sales of $4.6 million, higher revenue of $4.0 million due to increased customer count and an increase in large customer revenue of $3.3 million. These increases were partially offset by a decrease of $5.5 million resulting from NIPSCO's GCIM.

- Columbia Pipeline Group Operations' net revenues increased primarily due to higher regulatory trackers, which are offset in expense, of $72.0 million, increased demand margin revenue of $22.4 million primarily as a result of growth projects placed in service and higher mineral rights royalty revenue of $14.6 million.

- Electric Operations' net revenues increased primarily due to higher industrial usage of $15.7 million, an increase in the return on the environmental capital investment recovery of $13.1 million due to an increased plant balance eligible for recovery, the effects of weather of $6.5 million and higher off-system sales of $4.1 million. Additionally, there was increased revenue of $2.8 million as a result of two electric transmission projects authorized by MISO. These increases were partially offset by a decrease in transmission upgrade revenue of $6.5 million and lower trackers, which are offset in expense, of $4.0 million.

Operating Expenses

Operating expenses for the six months ended June 30, 2014 were $1,490.2 million , an increase of $139.6 million from the 2013 period. This increase was primarily due to higher operation and maintenance expenses of $127.6 million, increased other taxes of $17.1 million and higher depreciation and amortization of $10.9 million. These increases were partially offset by an increase in the gain on sale of assets of $16.0 million. The increase in operation and maintenance expenses was primarily due to increased regulatory trackers, which are offset in net revenues, of $81.3 million, higher employee and administrative costs of $26.9 million, increased electric generation costs of $10.9 million and higher outside service costs of $6.1 million. The increase in other taxes is primarily due to higher property and other taxes of $10.0 million and increased tax trackers, which are offset in net revenues, of $7.1 million. The increase in depreciation and amortization is primarily due to higher capital expenditures placed in service. The increase in gain on sale of assets primarily relates to recognized gains of $17.8 million resulting from conveyances of mineral interests at Columbia Pipeline Group Operations.

Equity Earnings in Unconsolidated Affiliates

Equity Earnings in Unconsolidated Affiliates were $20.9 million during the six months ended June 30, 2014 , compared to $15.1 million from the 2013 period. Equity Earnings in Unconsolidated Affiliates includes investments in Millennium, Hardy Storage and Pennant, which are integral to the Columbia Pipeline Group Operations' business. Equity earnings increased primarily from increased earnings at Millennium attributable to growth projects placed in service.

Other Income (Deductions)

Other Income (Deductions) reduced income by $206.2 million in the six months ended June 30, 2014 , compared to a reduction in income of $183.2 million in the prior year. The increase in deductions is primarily due to an increase in interest expense of $17.6 million resulting from the issuance of $500.0 million of long-term debt in October 2013 and the issuance of $750.0 million of long-term debt in April 2013, partially offset by the maturity of $420.3 million of long-term debt in March 2013.

Income Taxes

Income tax expense for the six months ended June 30, 2014 was $202.2 million compared to $151.3 million in the prior year. NiSource's interim effective tax rates reflect the estimated annual effective tax rates for 2014 and 2013, adjusted for tax expense associated with certain discrete items. The effective tax rates for the six months ended June 30, 2014 and 2013 were 37.0% and 34.4% , respectively. These effective tax rates differ from the Federal tax rate of 35% primarily due to the effects of tax credits, state income taxes, utility rate-making, and other permanent book-to-tax differences. The 2.6% increase from 2013 to 2014 is primarily due to the impact of the Indiana tax rate change and deferred tax adjustments recoded in 2013 related to state apportionment changes. Refer to Note 11, "Income Taxes," in the Notes to Consolidated Financial Statements (unaudited) for further discussion of income taxes.

Discontinued Operations

There was a net loss of $0.5 million in the six months ended June 30, 2014 from discontinued operations compared to net income of $7.4 million in 2013 . The net income in 2013 relates primarily to a settlement at NiSource's former exploration and production subsidiary, CER. A gain on the disposition of discontinued operations of $36.4 million was recorded in the first quarter of 2013 as a result of a gain on the sale of the service plan and leasing business lines of NiSource's Retail Services business.

Liquidity and Capital Resources

A significant portion of NiSource's operations, most notably in the gas distribution, gas transportation and electric businesses, are subject to seasonal fluctuations in cash flow. During the heating season, which is primarily from November through March, cash receipts from gas sales and transportation services typically exceed cash requirements. During the summer months, cash on hand, together with the seasonal increase in cash flows from the electric business during the summer cooling season and external short-term and long-term financing, is used to purchase gas to place in storage for heating season deliveries and perform necessary maintenance of facilities. NiSource believes that through income generated from operating activities, amounts available under its short-term revolver, commercial paper program and long-term debt agreements and NiSource's ability to access the capital markets, there is adequate capital available to fund its operating activities and capital expenditures in 2014 .

NiSource Inc.

Operating Activities

Net cash from operating activities for the six months ended June 30, 2014 was $651.0 million , a decrease of $243.5 million compared to the six months ended June 30, 2013 . The decrease in net cash from operating activities was primarily attributable to an income tax refund received in 2013. No income tax refunds were received in 2014. Additionally, there was a decrease of $98.5 million in working capital from (under) overrecovered gas and fuel costs due to the timing of gas and fuel cost recoveries in 2014 compared to 2013.

Pension and Other Postretirement Plan Funding. NiSource expects to make contributions of approximately $38.3 million to its pension plans and approximately $39.1 million to its other postretirement benefit plans in 2014 , which could change depending on market conditions. For the six months ended June 30, 2014 , NiSource has contributed $12.5 million to its pension plans and $20.1 million to its other postretirement benefit plans.

Investing Activities

NiSource's capital expenditures for the six months ended June 30, 2014 were $852.9 million , compared to $801.7 million for the comparable period in 2013 . This increased spending is mainly due to continued spending on infrastructure replacement programs in the Gas Distributions Operations segment, higher spending in the Columbia Pipeline Group Operations segment for various growth projects primarily in the Marcellus and Utica Shale areas and for expenditures under its modernization program and increased expenditures in the Electric Operations segment due to TDSIC and other tracker program spend. NiSource projects 2014 capital expenditures to be approximately $2.2 billion .

Restricted cash was $9.8 million and $8.0 million as of June 30, 2014 and December 31, 2013 , respectively.

Contributions to equity investees increased $22.1 million primarily due to higher contributions made by NiSource Midstream to Pennant. Refer to the Columbia Pipeline Group Operations segment discussion in the Management's Discussion and Analysis of Financial Conditions and Results of Operations for information on these contributions.

Financing Activities

Credit Facilities. NiSource Finance maintains a $2.0 billion revolving credit facility with a syndicate of banks led by Barclays Capital with a termination date of September 28, 2018. The purpose of the facility is to fund ongoing working capital requirements including the provision of liquidity support for NiSource's $1.5 billion commercial paper program, provide for issuance of letters of credit, and also for general corporate purposes.

NiSource Finance's commercial paper program has a program limit of up to $1.5 billion with a dealer group comprised of Barclays, Citigroup, Credit Suisse, RBS and Wells Fargo. Commercial paper issuances are supported by available capacity under NiSource's $2.0 billion unsecured revolving credit facility.

NiSource Finance had no borrowings outstanding under its revolving credit facility at June 30, 2014 and December 31, 2013 . In addition, NiSource Finance had $801.1 million in commercial paper outstanding at June 30, 2014 , at a weighted average interest rate of 0.63% and $433.6 million in commercial paper outstanding at December 31, 2013 , at a weighted average interest rate of 0.70% .

As of June 30, 2014 and December 31, 2013 , NiSource had $300.0 million and $265.1 million , respectively, of short-term borrowings recorded on the Condensed Consolidated Balance Sheets (unaudited) and cash from financing activities in the same amount relating to its accounts receivable securitization facilities. See Note 9, "Transfers of Financial Assets," to the Condensed Consolidated Financial Statements (unaudited).

As of June 30, 2014 , NiSource had $30.5 million of stand-by letters of credit outstanding of which $14.3 million were under the revolving credit facility. At December 31, 2013 , NiSource had $31.6 million of stand-by letters of credit outstanding of which $ 14.3 million were under the revolving credit facility.

As of June 30, 2014 , an aggregate of $1,184.6 million of credit was available under the credit facility.

Debt Covenants . NiSource is subject to a financial covenant under its revolving credit facility and its three-year term loan, which requires NiSource to maintain a debt to capitalization ratio that does not exceed 70%. A similar covenant in a 2005 private placement note purchase agreement requires NiSource to maintain a debt to capitalization ratio that does not exceed 75%. As of June 30, 2014 , the ratio was 60.6%.

NiSource is also subject to certain other non-financial covenants under the revolving credit facility and the term loan. Such covenants include a limitation on the creation or existence of new liens on NiSource's assets, generally exempting liens on utility assets, purchase money security interests, preexisting security interests and an additional subset of assets equal to $150 million. An asset sale covenant generally restricts the sale, lease and/or transfer of NiSource's assets to no more than 10% of its consolidated total assets and dispositions for a price not materially less than the fair market value of the assets disposed of that do not impair the ability of NiSource and NiSource Finance to perform obligations under the revolving credit facility, and that, together with all other such dispositions, would not have a material adverse effect. The revolving credit facility and the term loan also include a cross-default provision, which triggers an event of default under the credit facility in the event of an uncured payment default relating to any indebtedness of NiSource or any of its subsidiaries in a principal amount of $50 million or more.

NiSource's indentures generally do not contain any financial maintenance covenants. However, NiSource's indentures are generally subject to cross-default provisions ranging from uncured payment defaults of $5 million to $50 million, and limitations on the incurrence of liens on NiSource's assets, generally exempting liens on utility assets, purchase money security interests, preexisting security interests and an additional subset of assets capped at 10% of NiSource's consolidated net tangible assets.

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 accounts receivable.

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

Credit Ratings. On March 14, 2014, Standard & Poor's affirmed the senior unsecured ratings for NiSource and its subsidiaries at BBB-. Standard & Poor's outlook for NiSource and all of its subsidiaries is stable. On January 31, 2014, Moody's Investors Service upgraded the senior unsecured rating for NiSource to Baa2 from Baa3 and NiSource's commercial paper rating to P-2 from P-3. Additionally, Moody's upgraded the rating for NIPSCO to Baa1 from Baa2 and affirmed the rating for Columbia of Massachusetts. Moody's outlook for NiSource and all of its subsidiaries is stable. On December 9, 2013, Fitch affirmed the senior unsecured ratings for NiSource at BBB-, and the existing ratings of all other subsidiaries. Fitch's outlook for NiSource and all of its subsidiaries is stable. Although all ratings continue to be investment grade, a downgrade by Standard & Poor's or Fitch would result in a rating that is below investment grade.

Certain NiSource affiliates have agreements that contain "ratings triggers" that require increased collateral if the credit ratings of NiSource or certain of its subsidiaries are rated below BBB- by Standard & Poor's or Baa3 by Moody's. These agreements are primarily for insurance purposes and for the physical purchase or sale of power. The collateral requirement that would be required in the event of a downgrade below the ratings trigger levels would amount to approximately $38.0 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.

Contractual Obligations. There were no material changes recorded during the six months ended June 30, 2014 to NiSource's contractual obligations as of December 31, 2013 .

Market Risk Disclosures

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

Commodity Price Risk

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

Commodity price risk resulting from derivative activities at NiSource's rate-regulated subsidiaries is limited, since regulations allow recovery of prudently incurred purchased power, fuel and gas costs through the ratemaking process, including gains or losses on these derivative instruments. If states should explore additional regulatory reform, these subsidiaries may begin providing services without the benefit of the traditional ratemaking process and may be more exposed to commodity price risk. Some of NiSource's rate-regulated utility subsidiaries offer commodity price risk products to its customers for which derivatives are used to hedge forecasted customer usage under such products. These subsidiaries do not have regulatory recovery orders for these products and are subject to gains and losses recognized in earnings due to hedge ineffectiveness.

Interest Rate Risk

NiSource is exposed to interest rate risk as a result of changes in interest rates on borrowings under its revolving credit agreement, term loan, commercial paper program and accounts receivable programs, which have interest rates that are indexed to short-term market interest rates. NiSource is also exposed to interest rate risk due to changes in interest rates on fixed-to-variable interest rate swaps that hedge the fair value of long-term debt. 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 $4.2 million and $7.9 million for the three and six months ended June 30, 2014 , respectively, and $3.1 million and $7.1 million for the three and six months ended June 30, 2013 , respectively.

Credit Risk

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

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

Fair Value Measurement

NiSource measures certain financial assets and liabilities at fair value. The level of the fair value hierarchy disclosed is based on the lowest level of input that is significant to the fair value measurement. NiSource's financial assets and liabilities include price risk assets and liabilities, available-for-sale securities and a deferred compensation plan obligation.

Exchange-traded derivative contracts are generally 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, NiSource may utilize models to measure fair value. 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 in 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 in 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.

Price risk management assets also include fixed-to-floating interest rate swaps, which are designated as fair value hedges, as a means to achieve its targeted level of variable-rate debt as a percent of total debt. NiSource uses a calculation of future cash inflows and estimated future outflows related to the swap agreements, which are discounted and netted to determine the current fair value. Additional inputs to the present value calculation include the contract terms, as well as market parameters such as current and projected interest rates and volatility. As they are based on observable data and valuations of similar instruments, the interest rate swaps are categorized in Level 2 in the fair value hierarchy. Credit risk is considered in the fair value calculation of the interest rate swap.

Refer to Note 8, "Fair Value" in the Notes to the Condensed Consolidated Financial Statements (unaudited) for additional information on NiSource's fair value measurements.

Off Balance Sheet Arrangements

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

NiSource has purchase and sales agreement guarantees totaling $67.6 million , which guarantee performance of the seller's covenants, agreements, obligations, liabilities, representations and warranties under the agreements. No amounts related to the purchase and sales agreement guarantees are reflected in the Condensed Consolidated Balance Sheets (unaudited). Management believes that the likelihood NiSource would be required to perform or otherwise incur any significant losses associated with any of the aforementioned guarantees is remote.

NiSource has other guarantees outstanding. Refer to Note 17-A, "Guarantees and Indemnities," in the Notes to Condensed Consolidated Financial Statements (unaudited) for additional information about NiSource's off balance sheet arrangements.

Other Information

Critical Accounting Policies

There were no significant changes to critical accounting policies for the period ended June 30, 2014 .

Recently Issued Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)* . ASU 2014-09 outlines a single, comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. NiSource is required to adopt ASU 2014-09 for periods beginning after December 15, 2016, including interim periods, and the new standard is to be applied retrospectively with early adoption not permitted. NiSource is currently evaluating the impact the adoption of ASU 2014-09 will have on its Condensed Consolidated Financial Statements (unaudited) and Notes to Condensed Consolidated Financial Statements (unaudited).

In April 2014, the FASB issued ASU 2014-08, *Presentation of Financial Statements (Topic 205) and Property, Plant, and Equipment (Topic 360): Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity*. ASU 2014-08 changes the criteria for reporting a discontinued operation. Under the new pronouncement, a disposal of a part of an organization that has a major effect on its operations and financial results is a discontinued operation. NiSource is required to adopt ASU 2014-08 prospectively for all disposals or components of its business classified as held for sale during fiscal periods beginning after December 15, 2014. NiSource is currently evaluating what impact, if any, adoption of ASU 2014-08 will have on its Condensed Consolidated Financial Statements (unaudited) and Notes to Condensed Consolidated Financial Statements (unaudited).

RESULTS AND DISCUSSION OF SEGMENT OPERATIONS

Presentation of Segment Information

NiSource's operations are divided into three primary business segments: Gas Distribution Operations, Columbia Pipeline Group Operations and Electric Operations.

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

NiSource Inc.

Gas Distribution Operations

	Three Months Ended June 30,		Six Months Ended June 30,	
(in millions)	**2014**	2013	**2014**	2013
Net Revenues				
Sales revenues	$ **616.6**	$ 572.4	$ **2,182.2**	$ 1,717.5
Less: Cost of gas sold (excluding depreciation and amortization)	**257.2**	239.1	**1,180.2**	832.9
Net Revenues	**359.4**	333.3	**1,002.0**	884.6
Operating Expenses				
Operation and maintenance	**206.8**	197.1	**435.6**	415.5
Depreciation and amortization	**54.1**	50.1	**106.3**	98.6
Gain on sale of assets	**(0.2)**	(0.1)	**(0.2)**	(0.1)
Other taxes	**38.9**	36.2	**98.7**	86.5
Total Operating Expenses	**299.6**	283.3	**640.4**	600.5
Operating Income	$ **59.8**	$ 50.0	$ **361.6**	$ 284.1
Revenues ($ in millions)				
Residential	$ **391.1**	$ 352.0	$ **1,396.9**	$ 1,095.9
Commercial	**129.4**	113.2	**495.7**	383.5
Industrial	**48.1**	43.6	**132.4**	108.6
Off System	**65.9**	77.3	**137.8**	156.7
Other	**(17.9)**	(13.7)	**19.4**	(27.2)
Total	$ **616.6**	$ 572.4	$ **2,182.2**	$ 1,[illegible]
Sales and Transportation (MMDth)				
Residential	**35.0**	34.8	**191.5**	166.8
Commercial	**27.4**	27.0	**117.5**	102.3
Industrial	**121.7**	113.4	**258.5**	246.7
Off System	**14.2**	18.4	**28.5**	40.1
Other	**(0.3)**	0.2	**(0.1)**	0.4
Total	**198.0**	193.8	**595.9**	556.3
Heating Degree Days	**555**	563	**3,992**	3,482
Normal Heating Degree Days	**599**	599	**3,491**	3,491
% (Warmer) Colder than Normal	**(7)%**	(6)%	**14%**	—%
Customers				
Residential			**3,051,277**	3,035,524
Commercial			**278,776**	278,200
Industrial			**7,546**	7,493
Other			**14**	21
Total			**3,337,613**	3,321,238

NiSource's Gas Distribution Operations serve approximately 3.3 million customers in seven states: Ohio, Indiana, Pennsylvania, Massachusetts, Virginia, Kentucky and Maryland. The regulated subsidiaries offer both traditional bundled services as well as transportation only for customers that purchase gas from alternative suppliers. The operating results reflect the temperature-sensitive nature of customer demand with 74% of annual residential and commercial throughput affected by seasonality. As a result, segment operating income is higher in the first and fourth quarters reflecting the heating demand during the winter season.

Regulatory Matters

Refer to Note 6, "Regulatory Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for information on significant rate developments and cost recovery and trackers for the Gas Distribution Operations segment.

Customer Usage. Increased efficiency of natural gas appliances and improvements in home building codes and standards has contributed to a long-term trend of declining average use per customer. Usage for the six months ended June 30, 2014 increased from the same period last year primarily due to colder weather compared to the prior year. While historically, rate design at the distribution level has been structured such that a large portion of cost recovery is based upon throughput, rather than in a fixed charge, operating costs are largely incurred on a fixed basis, and do not fluctuate due to changes in customer usage. As a result, the NiSource LDCs have pursued changes in rate design to more effectively match recoveries with costs incurred. Each of the states in which the NiSource LDCs operate has different requirements regarding the procedure for establishing changes to rate design. Columbia of Ohio restructured its rate design through a base rate proceeding and has adopted a "de-coupled" rate design which more closely links the recovery of fixed costs with fixed charges. Columbia of Massachusetts and Columbia of Virginia received regulatory approval of decoupling mechanisms which adjust revenues to an approved benchmark level through a volumetric adjustment factor. Columbia of Maryland has received regulatory approval to implement a residential class revenue normalization adjustment, a decoupling mechanism whereby monthly revenues that exceed or fall short of approved levels are reconciled in subsequent months. In a prior base rate proceeding, Columbia of Pennsylvania implemented a residential weather normalization adjustment charge. In a prior base rate proceeding, NIPSCO implemented a higher fixed customer charge for residential and small customer classes moving toward full straight fixed variable rate design.

Environmental Matters
Various environmental matters occasionally impact the Gas Distribution Operations segment. As of June 30, 2014 , a reserve has been recorded to cover probable and estimable environmental response actions. Refer to Note 17-C, "Environmental Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for additional information regarding environmental matters for the Gas Distribution Operations segment.

Weather
In general, NiSource calculates the weather related revenue variance based on changing customer demand driven by weather variance from normal heating degree-days. Normal is evaluated using heating degree days across the NiSource distribution region. While the temperature base for measuring heating degree days (i.e. the estimated average daily temperature at which heating load begins) varies slightly across the region, the NiSource composite measurement is based on 65 degrees. NiSource composite heating degree days reported do not directly correlate to the weather related dollar impact on the results of Gas Distribution Operations. Heating degree days experienced during different times of the year or in different operating locations may have more or less impact on volume and dollars depending on when and where they occur. When the detailed results are combined for reporting, there may be weather related dollar impacts on operations when there is not an apparent or significant change in the aggregated NiSource composite heating degree-day comparison.

Weather in the Gas Distribution Operations' territories for the second quarter of 2014 was 7% warmer than normal and 1% warmer than the second quarter in 2013 .

Weather in the Gas Distribution Operations' territories for the six months ended June 30, 2014 was 14% colder than normal and 15% colder than the same period in 2013 .

Throughput
Total volumes sold and transported of 198.0 MMDth for the second quarter of 2014 increased by 4.2 MMDth from the same period last year. This 2.2% increase in volumes was primarily attributable to higher industrial throughput partially offset by a decrease in off-system sales.

Total volumes sold and transported of 595.9 MMDth for the six months ended June 30, 2014 increased by 39.6 MMDth from the same period last year. This 7.1% increase in volume was primarily attributable to colder weather.

Net Revenues
Net revenues for the second quarter of 2014 were $359.4 million , an increase of $26.1 million from the same period in 2013 . The increase in net revenues is due primarily to an increase of $19.0 million for regulatory and service programs, including the impacts of the rate settlement in 2013 at Columbia of Pennsylvania and the implementation of rates under Columbia of Ohio's approved infrastructure replacement program.

Gas Distribution Operations

Net revenues for the six months ended June 30, 2014 were $1,002.0 million, an increase of $117.4 million from the same period in 2013. The increase in net revenues is due primarily to an increase of $59.1 million for regulatory and service programs, including the impacts of the rate settlement in 2013 at Columbia of Pennsylvania and the implementation of rates under Columbia of Ohio's approved infrastructure replacement program. Additionally, there were the effects of colder weather of $19.9 million, increased regulatory and tax trackers, which are offset in expense, of $17.4 million, higher residential and commercial usage of $7.2 million, an increase in off-system sales of $4.6 million, higher revenue of $4.0 million due to increased customer count and an increase in large customer revenue of $3.3 million. These increases were partially offset by a decrease of $5.5 million resulting from NIPSCO's GCIM.

At NIPSCO, sales revenues and customer billings are adjusted for amounts related to under and over-recovered purchased gas costs from prior periods per regulatory order. These amounts are primarily reflected in the "Other" gross revenues statistic provided at the beginning of this segment discussion. The adjustment to Other gross revenues for the three and six months ended June 30, 2014 was a revenue decrease of $31.8 million and $0.3 million, respectively, compared to a decrease of $25.8 million and $50.5 million for the three and six months ended June 30, 2013 , respectively.

Operating Income

For the second quarter of 2014 , Gas Distribution Operations reported operating income of $59.8 million , an increase of $9.8 million from the comparable 2013 period. Operating income increased as a result of higher net revenues, as described above, partially offset by increased operating expenses. Operating expenses were $16.3 million higher than the comparable period reflecting increased outside service costs of $9.8 million, higher depreciation of $4.0 million due to increased capital expenditures and an increase in employee and administrative expenses of $2.3 million.

For the six months ended June 30, 2014, Gas Distribution Operations reported operating income of $361.6 million, an increase of $77.5 million from the comparable 2013 period. Operating income increased as a result of higher net revenues, as described above, partially offset by increased operating expenses. Operating expenses were $39.9 million higher than the comparable period reflecting increased regulatory and tax trackers, which are offset in net revenues, of $17.4 million, higher depreciation of $7.7 million due to increased capital expenditures, an increase in employee and administrative expenses of $6.1 million and higher other taxes of $5.2 million.

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

NiSource Inc.

Columbia Pipeline Group Operations

	Three Months Ended June 30,		Six Months Ended June 30,	
(in millions)	**2014**	2013	**2014**	2013
Net Revenues				
Transportation revenues	**$ 181.5**	$ 171.6	**$ 403.8**	$ 382.5
Storage revenues	**49.3**	48.7	**99.2**	99.2
Other revenues	**112.7**	53.5	**186.1**	93.5
Total Sales Revenues	**343.5**	273.8	**689.1**	575.2
Less: Cost of sales (excluding depreciation and amortization)	**0.1**	0.1	**0.2**	0.2
Net Revenues	**343.4**	273.7	**688.9**	575.0
Operating Expenses				
Operation and maintenance	**205.1**	150.1	**370.8**	282.7
Depreciation and amortization	**28.8**	26.5	**58.5**	52.2
Gain on sale of assets	**(0.3)**	—	**(17.8)**	(0.2)
Other taxes	**17.2**	16.3	**35.7**	33.1
Total Operating Expenses	**250.8**	192.9	**447.2**	367.8
Equity Earnings in Unconsolidated Affiliates	**11.1**	8.0	**20.9**	15.1
Operating Income	**$ 103.7**	$ 88.8	**$ 262.6**	$ 222.3
Throughput (MMDth)				
Columbia Transmission	**194.2**	196.6	**653.7**	632.4
Columbia Gulf	**145.4**	169.8	**330.3**	[illegible]
Crossroads Pipeline	**3.5**	3.3	**9.2**	8.3
Intrasegment eliminations	**(21.6)**	(81.4)	**(83.2)**	(175.3)
Total	**321.5**	288.3	**910.0**	825.4

NiSource's Columbia Pipeline Group Operations segment primarily consists of the operations of Columbia Transmission, Columbia Gulf, NiSource Midstream, NEVCO, Crossroads Pipeline, and the equity investments in Pennant, Millennium and Hardy Storage. In total, NiSource owns a pipeline network of approximately 15,000 miles extending from the Gulf of Mexico to New York and the eastern seaboard. The pipeline network serves customers in 16 northeastern, mid-Atlantic, midwestern and southern states, as well as the District of Columbia. In addition, the Columbia Pipeline Group Operations segment operates one of the nation's largest underground natural gas storage systems.

Columbia Pipeline Group Operations' most significant projects are as follows:

Warren County. The Columbia Pipeline Group Operations segment spent approximately $37 million on an expansion project, which included new pipeline and modifications to existing compression assets, with Virginia Power Services Energy Corporation, Inc., the energy manager for Virginia Electric and Power Company. This project expanded the Columbia Transmission system in order to provide up to nearly 250,000 Dth per day of transportation capacity under a long-term, firm contract. The project went into service in the second quarter of 2014.

West Side Expansion. The Columbia Pipeline Group Operations segment is investing approximately $200 million in new pipeline and compression to increase supply origination from the Smithfield and Waynesburg areas on the Columbia Transmission system and provide a backhaul transportation path to Gulf Coast markets on the Columbia Gulf system. This investment will increase capacity up to 444,000 Dth per day from the Smithfield and Waynesburg areas and up to 540,000 Dth per day from Leach to Rayne transporting Marcellus production under long-term, firm contracts. Limited interim service is being provided throughout 2014 with the project fully in service by the fourth quarter of 2014.

Giles County. The Columbia Pipeline Group Operations segment is spending approximately $25 million to construct nearly thirteen miles of pipeline to provide 45,000 Dth per day of firm service to a third party off of its Line KA system into Columbia of Virginia's system. Columbia of Virginia will expand pipeline facilities and an existing direct connection with the third party's plant in Giles County, Virginia. The project is planned to be in service by the fourth quarter of 2014.

Line 1570 Expansion . The Columbia Pipeline Group Operations segment is replacing 18.7 miles of 20-inch bare steel pipe with 24-inch pipe from Waynesburg, Pennsylvania to Redd Farm, Pennsylvania at an approximate cost of $20 million. The project also includes the installation of two compressors at Redd Farm and an uprate in horsepower at Waynesburg, increasing capacity by nearly 100,000 Dth per day. The project is expected to be in service by the end of 2014.

East Side Expansion. The Columbia Pipeline Group Operations segment plans to invest approximately $275 million in developing its East Side Expansion project, which will provide access for Marcellus supplies to the northeastern and mid-Atlantic markets. Backed by binding precedent agreements, the project will add up to 312,000 Dth per day of capacity, which is expected to be placed in service by the end of the third quarter of 2015.

Chesapeake, Virginia LNG Facility Modernization. The Columbia Pipeline Group Operations segment is investing approximately $30 million to upgrade the facility and extend its associated customer contracts for 15 years. The project's first phase was completed in the fourth quarter of 2013. The remainder of the project is expected to be completed by mid-2015.

Washington County Gathering. The Columbia Pipeline Group Operations segment will construct a field gathering system in Pennsylvania that will gather well pad production of primarily dry gas from a third party producer. Pipeline laterals will be built to connect well pads as drilling is developed. The approximate $120 million investment will include about 25 miles of gathering pipelines of varying diameter, a compressor station and dehydration unit. The gas gathering agreement has an initial 15-year term with the option to extend. Construction is expected to begin in late 2014 with an expected in service date during the second half of 2015.

Kentucky Power. The Columbia Pipeline Group Operations segment is constructing nearly three miles of 16 inch greenfield pipeline from Columbia Transmission's Line P that will serve a natural gas-fired electric generation plant in Kentucky. The project will cost nearly $25 million and will provide 72,000 Dth per day of capacity to the plant under an executed binding precedent agreement. The project is expected to be in service by the middle of 2016.

Utica Access. The Columbia Pipeline Group Operations segment is investing approximately $50 million to construct nearly 5 miles of 20 inch pipeline and other facilities to provide 205,000 Dth per day of new firm service to allow Utica production access to liquid trading points on its system. This project is expected to be in service late in 2016.

Cameron Access. The Columbia Pipeline Group Operations segment has entered into binding precedent agreements for the construction of new pipeline facilities along the Columbia Gulf system to connect with the Cameron LNG Terminal in southern Louisiana. The approximately $310 million project will transport supplies from numerous supply basins to the planned LNG export facility, which received Department of Energy approval late in 2013. The project will offer an initial capacity of up to 800,000 Dth per day and is expected to be placed into service as early as the third quarter of 2017.

Equity Investments

Pennant. NiSource Midstream entered into a 50:50 joint venture in 2012 with affiliates of Hilcorp to construct new wet natural gas gathering pipeline infrastructure and NGL processing facilities to support natural gas production in the Utica Shale region of northeastern Ohio and western Pennsylvania. NiSource Midstream and Hilcorp jointly own Pennant with NiSource Midstream serving as the operator of Pennant and the facilities. NiSource accounts for the joint venture under the equity method of accounting.

Pennant is investing in the construction of 20-24 inch wet gas gathering pipeline facilities with a capacity of approximately 500 MMcf per day. In addition, Pennant constructed a gas processing facility in New Middletown, Ohio that will have an initial capacity of 200 MMcf per day and is constructing a NGL pipeline with an initial capacity of 45,000 barrels per day that can be expanded to 90,000 barrels per day. Consistent with the terms of the joint venture, NiSource Midstream will operate the gas processing facility, NGL pipeline and associated wet gas gathering system. The joint venture is designed and anticipated to serve other producers with significant acreage development in the area with an interest in obtaining capacity on the system. The construction of the facilities will allow Pennant to become a full-service solution for providers in the northern Utica Shale region, offering access to wet gas gathering and processing as well as residue gas and NGL takeaway to attractive market destinations. NiSource Midstream's initial investment in this area, including the gathering pipeline, related laterals, NGL pipeline and the processing plant, will be approximately $185 million. Portions of the facilities were placed in service in the fourth quarter of 2013 and the second quarter of 2014, with the remainder to be placed in service in the third quarter of 2014.

During the second quarter of 2014 , NiSource Midstream made cash contributions to Pennant totaling $23.8 million. A cash contribution of $15.6 million was made during the same period last year. For the six months ended June 30, 2014 , NiSource Midstream made cash contributions to Pennant of $52.2 million. A cash contribution of $26.1 million was made during the same period last year.

In a separate agreement with Hilcorp, test wells were drilled in 2012 and continued in 2013 to support the development of the hydrocarbon potential on more than 100,000 combined acres in the Utica/Point Pleasant Shale formation. Production wells were drilled in 2013 and 2014, with the full production program in development. NiSource is investing alongside Hilcorp in the development of the acreage, with NiSource owning both a working and overriding royalty interest. All of the Hilcorp/NiSource acreage is dedicated to Pennant.

Millennium. Millennium operates approximately 250 miles of pipeline under the jurisdictional authority of the FERC. The Millennium pipeline has the capability to transport natural gas to markets along its route, which lies between Corning, New York and Ramapo, New York, as well as to the New York City market through its pipeline interconnections. Columbia Transmission owns a 47.5% interest in Millennium and acts as operator for the pipeline in partnership with DTE Millennium Company and National Grid Millennium LLC, which each own an equal remaining share of the company.

During the second quarter of 2014 and 2013 , Columbia Transmission made no contributions to Millennium. For the six months ended June 30, 2014 and 2013 , Columbia Transmission made contributions of $2.6 million and $6.6 million, respectively, to fund its share of capital projects. During the second quarter of 2014 and 2013, Columbia Transmission received distributions of earnings of $4.8 million and $4.3 million, respectively. For the six months ended June 30, 2014 and 2013 , Columbia transmission received distributions of earnings of $11.9 million and $10.9 million, respectively.

Millennium began two projects in 2012 that added approximately 30,000 hp of compression to its system. The first project went into service on June 1, 2013 and increased capacity at its interconnections with Algonquin Gas Transmission, with a total investment of approximately $50 million. The second project included a total investment of approximately $40 million that increased capacity with interconnections to other third-party facilities. The second project was placed into service on March 31, 2014. Columbia Transmission's share of the above investments is limited to its 47.5% interest in Millennium.

Hardy Storage. Hardy Storage is a 50:50 joint venture between subsidiaries of Columbia Transmission and Piedmont that manages an underground storage field in Hardy and Hampshire counties in West Virginia. Columbia Transmission serves as operator of the company, which is regulated by the FERC. Hardy Storage has a working storage capacity of 12 Bcf and the ability to deliver 176,000 Dth of natural gas per day.

During the second quarter of 2014 and 2013 , NiSource received $0.5 million and $1.0 million of available accumulated earnings, respectively. For the six months ended June 30, 2014 and 2013 , NiSource received $1.0 million and $1.4 million of available accumulated earnings, respectively. NiSource made no contributions during 2014 or 2013.

Nature of Sales

Columbia Transmission and Columbia Gulf compete for transportation customers based on the type of service a customer needs, operating flexibility, available capacity and price. Columbia Gulf and Columbia Transmission provide a significant portion of total transportation services under firm contracts and derive a smaller portion of revenues through interruptible contracts, with management seeking to maximize the portion of physical capacity sold under firm contracts.

Firm service contracts require pipeline capacity to be reserved for a given customer between certain receipt and delivery points. Firm customers generally pay a "capacity reservation" fee based on the amount of capacity being reserved regardless of whether the capacity is used, plus an incremental usage fee when the capacity is used. Annual capacity reservation revenues derived from firm service contracts generally remain constant over the life of the contract because the revenues are based upon capacity reserved and not whether the capacity is actually used. The high percentage of revenue derived from capacity reservation fees mitigates the risk of revenue fluctuations within the Columbia Pipeline Group Operations segment due to changes in near-term supply and demand conditions. The following percentages exclude the impact of intrasegment revenues and over / under collections of tracker-related revenues. For the quarter ended June 30, 2014 , approximately 94.3% of the transportation revenues were derived from capacity reservation fees paid under firm contracts and 3.9% of the transportation revenues were derived from usage fees under firm contracts compared to approximately 93.1% and 5.0%, respectively, for the quarter ended June 30, 2013 . For the six months ended June 30, 2014 , approximately 93.4% of the transportation revenues were derived from capacity reservation fees under contracts and 4.6% of the transportation revenues were derived from usage fees under firm contracts compared to approximately 92.6% and 5.8% respectively, for the six months ended June 30, 2013 .

Interruptible transportation service is typically short term in nature and is generally used by customers that either do not need firm service or have been unable to contract for firm service. These customers pay a usage fee only for the volume of gas actually transported. The ability to provide this service is limited to available capacity not otherwise used by firm customers, and customers receiving services under interruptible contracts are not assured capacity in the pipeline facilities. Columbia Pipeline Group Operations provides interruptible service at competitive prices in order to capture short term market opportunities as they occur and interruptible service is viewed by management as an important strategy to optimize revenues from the gas transmission assets. For both the quarters ended June 30, 2014 and 2013 , approximately 1.8% of the transportation revenues were derived from interruptible contracts. For the six months ended June 30, 2014 and 2013 , approximately 2.1% and 1.6%, respectively, of the transportation revenues were derived from interruptible contracts.

Regulatory Matters

Refer to Note 6, "Regulatory Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for information on regulatory matters for the Columbia Pipeline Group Operations segment.

Environmental Matters

Various environmental matters occasionally impact the Columbia Pipeline Group Operations segment. As of June 30, 2014 , a reserve has been recorded to cover probable and estimable environmental response actions. Refer to Note 17-C, "Environmental Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for additional information regarding environmental matters for the Columbia Pipeline Group Operations segment.

Throughput

Columbia Transmission's throughput consists of gas transportation service deliveries to LDC city gates, to gas fired power plants, other industrial customers, or other interstate pipelines in its market area. Columbia Transmission's market area covers portions of northeastern, mid-Atlantic, midwestern, and southern states as well as the District of Columbia. Gas delivered via transportation services to storage is not accounted for as throughput until it is withdrawn from storage and delivered to one of the aforementioned locations via a transportation service. Throughput for Columbia Gulf traditionally consists of gas delivered to Columbia Transmission at Leach, Kentucky as well as gas delivered south of Leach to other interstate pipelines or to an LDC's city gate. Market conditions on Columbia Gulf have resulted in greater use of backhaul transportation services from supplies originating near Leach Kentucky and its Louisiana interconnects to markets in the southeastern United States. Crossroads Pipeline serves customers in northern Indiana and Ohio via gas flowing west to east originating from outside the Chicago area to Cygnet, Ohio where it interconnects with Columbia Transmission. Intra-segment eliminations represent gas delivered to an affiliated pipeline within the segment.

Throughput for the Columbia Pipeline Group Operations segment totaled 321.5 MMDth for the second quarter of 2014 , compared to 288.3 MMDth for the same period in 2013 . The increase of 33.2 MMDth reflected favorable pricing conditions to third party interconnects in the Southeast region of the United States, which have been running at near full capacity.

Throughput for the Columbia Pipeline Group Operations segment totaled 910.0 MMDth for the six months ended June 30, 2014 , compared to 825.4 MMDth for the same period in 2013 . The increase of 84.6 MMDth was primarily attributable to much colder than normal weather and the favorable pricing conditions to third party interconnects, mentioned above.

Net Revenues

Net revenues were $343.4 million for the second quarter of 2014 , an increase of $69.7 million from the same period in 2013 . The increase in net revenues is due primarily to higher regulatory trackers, which are offset in expense, of $47.5 million, increased demand margin revenue of $15.0 million primarily as a result of growth projects placed in service and higher mineral rights royalty revenue of $7.5 million.

Net revenues were $688.9 million for the six months ended June 30, 2014, an increase of $113.9 million from the same period in 2013. The increase in net revenues is due primarily to higher regulatory trackers, which are offset in expense, of $72.0 million, increased demand margin revenue of $22.4 million primarily as a result of growth projects placed in service and higher mineral rights royalty revenue of $14.6 million.

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

NiSource Inc.
...mbia Pipeline Group Operations

Operating Income

Operating income was $103.7 million for the second quarter of 2014 , an increase of $14.9 million from the second quarter of 2013 . Operating income increased as a result of higher net revenues, as described above, and higher equity earnings partially offset by increased operating expenses. Equity earnings increased $3.1 million due to higher earnings at Millennium attributable to growth projects placed in service. Operating expenses were $57.9 million higher than the comparable period primarily as a result of increased regulatory trackers, which are offset in net revenues, of $47.5 million, higher employee and administrative expenses of $4.2 million and increased depreciation of $2.3 million.

Operating income was $262.6 million for the six months ended June 30, 2014, an increase of $40.3 million from the comparable 2013 period. Operating income increased as a result of higher net revenues, as described above, and higher equity earnings partially offset by increased operating expenses. Equity earnings increased $5.8 million due to higher earnings at Millennium attributable to growth projects placed in service. Operating expenses were $79.4 million higher than the comparable period primarily as a result of increased regulatory trackers, which are offset in net revenues, of $72.0 million, higher employee and administrative expenses of $10.9 million, increased depreciation of $6.3 million and higher property taxes of $2.5 million. These increases were partially offset by an increase in the gains on the sale of assets of $17.6 million primarily resulting from conveyances of mineral interests.

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

NiSource Inc.

Electric Operations

(in millions)	Three Months Ended June 30, 2014	Three Months Ended June 30, 2013	Six Months Ended June 30, 2014	Six Months Ended June 30, 2013
Net Revenues				
Sales revenues	**$ 405.4**	$ 385.1	**$ 855.8**	$ 762.7
Less: Cost of sales (excluding depreciation and amortization)	**146.3**	141.3	**326.7**	266.2
Net Revenues	**259.1**	243.8	**529.1**	496.5
Operating Expenses				
Operation and maintenance	**122.2**	108.7	**234.7**	216.6
Depreciation and amortization	**60.1**	60.4	**120.5**	123.6
Gain on sale of assets	**(0.1)**	—	**(0.1)**	—
Other taxes	**14.0**	15.2	**32.2**	31.6
Total Operating Expenses	**196.2**	184.3	**387.3**	371.8
Operating Income	**$ 62.9**	$ 59.5	**$ 141.8**	$ 124.7
Revenues ($ in millions)				
Residential	**$ 100.2**	$ 95.7	**$ 213.4**	$ 204.0
Commercial	**108.7**	104.3	**214.9**	208.0
Industrial	**172.0**	152.3	**351.7**	311.7
Wholesale	**0.3**	16.0	**21.7**	17.7
Other	**24.2**	16.8	**54.1**	[illegible]
Total	**$ 405.4**	$ 385.1	**$ 855.8**	$ [illegible]
Sales (Gigawatt Hours)				
Residential	**793.2**	769.1	**1,689.4**	1,633.2
Commercial	**964.9**	942.6	**1,900.4**	1,863.8
Industrial	**2,455.8**	2,256.3	**5,062.9**	4,575.9
Wholesale	**12.1**	494.7	**323.9**	556.0
Other	**34.9**	27.0	**68.3**	60.2
Total	**4,260.9**	4,489.7	**9,044.9**	8,689.1
Cooling Degree Days	**276**	250	**276**	250
Normal Cooling Degree Days	**229**	229	**229**	229
% Warmer than Normal	**21%**	9%	**21%**	9%
Electric Customers				
Residential			**401,671**	401,162
Commercial			**54,303**	54,189
Industrial			**2,370**	2,376
Wholesale			**767**	728
Other			**6**	6
Total			**459,117**	458,461

NiSource generates and distributes electricity, through its subsidiary NIPSCO, to approximately 459 thousand customers in 20 counties in the northern part of Indiana. The operating results reflect the temperature-sensitive nature of customer demand with annual sales affected by temperatures in the northern part of Indiana. As a result, segment operating income is generally higher in the second and third quarters, reflecting cooling demand during the summer season.

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

NiSource Inc.
Electric Operations

Electric Supply
On October 28, 2011, NIPSCO filed its 2011 Integrated Resource Plan with the IURC. The plan evaluates demand-side and supply-side resource alternatives to reliably and cost-effectively meet NIPSCO customers' future energy requirements over the next twenty years. Existing resources are expected to be sufficient, assuming favorable outcomes for environmental upgrades, to meet customers' needs for the next decade. NIPSCO continues to monitor and assess economic, regulatory and legislative activity, and will update its resource plan as appropriate.

Regulatory Matters
Refer to Note 6, "Regulatory Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for information on significant rate developments and cost recovery and trackers for the Electric Operations segment.

Environmental Matters
Various environmental matters occasionally impact the Electric Operations segment. As of June 30, 2014 , a reserve has been recorded to cover probable and estimable environmental response actions. Refer to Note 17-C, "Environmental Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for additional information regarding environmental matters for the Electric Operations segment.

Transmission Upgrade Agreements
On February 11, 2014, NIPSCO entered into TUAs with upgrade sponsors to complete upgrades on NIPSCO's transmission system on behalf of those sponsors. The upgrade sponsors have agreed to reimburse NIPSCO for the total cost to construct transmission upgrades and place them into service, which is estimated at $50.3 million, multiplied by a rate of 1.71 ("the multiplier").

On June 10, 2014, certain upgrade sponsors for both TUAs, filed a complaint at FERC against NIPSCO regarding the multiplier stated in the TUAs. On June 30, 2014, NIPSCO filed an answer defending the terms of the TUAs and the just and reasonable nature of the multiplier charged therein and moved for dismissal of the complaint. NIPSCO will continue to monitor developments in this matter but cannot estimate the impact (if any) on the Condensed Consolidated Financial Statements (unaudited) the complaint will have at this time.

Sales
Electric Operations sales quantities for the second quarter of 2014 were 4,260.9 gwh, a decrease of 228.8 gwh compared to the second quarter of 2013 . The 5.1% decrease is primarily attributable to a decrease in market opportunities for off-system sales during the second quarter of 2014, partially offset by an increase in industrial usage.

Electric Operations sales quantities for the six months ended June 30, 2014 were 9,044.9 gwh, an increase of 355.8 gwh compared to the same period in 2013. The 4.1% increase is primarily attributable to an increase in industrial usage due to large industrial customers expanding plant operations and using less internal generation.

Net Revenues
Net revenues were $259.1 million for the second quarter of 2014 , an increase of $15.3 million from the same period in 2013 . The increase in net revenues is due primarily to higher industrial, commercial, and residential usage of $8.1 million, an increase in the return on the environmental capital investment recovery of $5.0 million due to an increased plant balance eligible for recovery, lower fuel handling costs of $2.2 million and the effects of weather of $2.1 million. These increases were partially offset by a decrease in off-system sales of $5.5 million.

Net revenues were $529.1 million for the six months ended June 30, 2014, an increase of $32.6 million from the same period in 2013. The increase in net revenues is due primarily to higher industrial usage of $15.7 million, an increase in the return on the environmental capital investment recovery of $13.1 million due to an increased plant balance eligible for recovery, the effects of weather of $6.5 million and higher off-system sales of $4.1 million. Additionally, there was increased revenue of $2.8 million as a result of two electric transmission projects authorized by the MISO. These increases were partially offset by a decrease in transmission upgrade revenue of $6.5 million and lower trackers, which are offset in expense, of $4.0 million.

At NIPSCO, sales revenues and customer billings are adjusted for amounts related to under and over-recovered purchased fuel costs from prior periods per regulatory order. These amounts are primarily reflected in the "Other" gross revenues statistic provided at the beginning of this segment discussion. The adjustment to Other gross revenues for the three and six months ended June 30, 2014 was a revenue increase of $10.5 million and $30.8 million, respectively, compared to a revenue increase of $6.9 million and a decrease of $0.3 million for the three and six months ended June 30, 2013 , respectively.

Operating Income

For the second quarter of 2014 , Electric Operations reported operating income of $62.9 million , an increase of $3.4 million from the comparable 2013 period. Operating income increased as a result of higher net revenues, as described above, partially offset by increased operating expenses. Operating expenses increased $11.9 million due primarily to higher electric generation costs of $11.0 million as a result of outages and maintenance and increased employee and administrative expenses of $5.6 million.

For the for the six months ended June 30, 2014, Electric Operations reported operating income of $141.8 million, an increase of $17.1 million from the comparable 2013 period. Operating income increased as a result of higher net revenues, as described above, partially offset by increased operating expenses. Operating expenses increased $15.5 million due primarily to higher employee and administrative expenses of $12.1 million and increased electric generation costs of $10.9 million. These increases were partially offset by a decrease in trackers, which are offset in net revenues, of $4.0 million.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

NiSource Inc.

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

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures
NiSource's Chief Executive Officer and its Principal Financial Officer, after evaluating the effectiveness of NiSource's disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)), have concluded based on the evaluation required by paragraph (b) of Exchange Act Rules 13a-15 and 15d-15 that, as of the end of the period covered by this report, NiSource's disclosure controls and procedures are considered effective.

Changes in Internal Controls
During the quarter ended June 30, 2014, NiSource implemented the second phase of a multi-year process of migrating all of its subsidiaries to a common general ledger system. During this phase, Columbia of Ohio, Columbia of Pennsylvania, Columbia of Virginia, Columbia of Kentucky and Columbia of Maryland migrated to this new general ledger system. The implementation is not being made in response to any deficiency in our internal controls. This implementation has resulted in certain changes to business processes and internal controls impacting our financial reporting. NiSource has taken steps to monitor and maintain appropriate internal control over financial reporting during this phase and will continue to evaluate the operating effectiveness of related controls during subsequent phases and periods.

PART II

ITEM 1. LEGAL PROCEEDINGS

NiSource Inc.

None.

ITEM 1A. RISK FACTORS

There were no material changes from the risk factors disclosed in NiSource's 2013 Annual Report on Form 10-K filed on February 18, 2014.

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

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

NiSource Inc.

(31.1)	Certification of Robert C. Skaggs, Jr., Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
(31.2)	Certification of Stephen P. Smith, Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
(32.1)	Certification of Robert C. Skaggs, Jr., Chief Executive Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).
(32.2)	Certification of Stephen P. Smith, Chief Financial Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).
(101.INS)	XBRL Instance Document
(101.SCH)	XBRL Schema Document
(101.CAL)	XBRL Calculation Linkbase Document
(101.LAB)	XBRL Labels Linkbase Document
(101.PRE)	XBRL Presentation Linkbase Document
(101.DEF)	XBRL Definition Linkbase Document

Pursuant to Item 601(b)(4)(iii) of Regulation S-K, NiSource hereby agrees to furnish the SEC, upon request, any instrument defining the rights of holders of long-term debt of NiSource not filed as an exhibit herein. No such instrument authorizes long-term debt securities in excess of 10% of the total assets of NiSource and its subsidiaries on a consolidated basis.

SIGNATURE

NiSource Inc.

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

		NiSource Inc.
		(Registrant)
Date: July 31, 2014	By:	/s/ Joseph W. Mulpas
		Joseph W. Mulpas Vice President and Chief Accounting Officer (Principal Accounting Officer and Duly Authorized Officer)

Exhibit 31.1

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

I, Robert C. Skaggs, Jr., certify that:

1. I have reviewed this Quarterly Report of NiSource Inc. on Form 10-Q for the quarter ended June 30, 2014 ;

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

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

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

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

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

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

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

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

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

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

Date: July 31, 2014 By: /s/ Robert C. Skaggs, Jr.

Robert C. Skaggs, Jr.
Chief Executive Officer

Exhibit 31.2

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

I, Stephen P. Smith, certify that:

1. I have reviewed this Quarterly Report of NiSource Inc. on Form 10-Q for the quarter ended June 30, 2014 :

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

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

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

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

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

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

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

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

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

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

Date: July 31, 2014 By: /s/ Stephen P. Smith

Stephen P. Smith
Executive Vice President and Chief
Financial Officer

Exhibit 32.1

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

In connection with the Quarterly Report of NiSource Inc. (the "Company") on Form 10-Q for the quarter ending June 30, 2014 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Robert C. Skaggs, Jr., Chief Executive Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

/s/ Robert C. Skaggs, Jr.

Robert C. Skaggs, Jr.
Chief Executive Officer

Date: July 31, 2014

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, 2014 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Stephen P. Smith, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

/s/ Stephen P. Smith
Stephen P. Smith
Executive Vice President and Chief Financial Officer

Date: July 31, 2014

NISOURCE INC/DE

FORM 10-Q
(Quarterly Report)

Filed 04/30/14 for the Period Ending 03/31/14

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

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

FORM 10-Q

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

For the quarterly period ended March 31, 2014

or

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

For the transition period from ______ to _____

Commission file number 001-16189

NiSource Inc.

(Exact name of registrant as specified in its charter)

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

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

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company.

Large accelerated filer ☑ Accelerated filer ☐

Non-accelerated filer ☐ Smaller reporting company ☐

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: Commo[illegible]k, $0.01 Par Value: 314,876,852 shares outstanding at April 24, 2014 .

NISOURCE INC.
FORM 10-Q QUARTERLY REPORT
FOR THE QUARTER ENDED MARCH 31, 2014

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DEFINED TERMS

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

NiSource Subsidiaries and Affiliates

Capital Markets	NiSource Capital Markets, Inc.
CER	Columbia Energy Resources, Inc.
CGORC	Columbia Gas of Ohio Receivables Corporation
Columbia	Columbia Energy Group
Columbia Gulf	Columbia Gulf Transmission, LLC
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.
Columbia Transmission	Columbia Gas Transmission, LLC
CPRC	Columbia Gas of Pennsylvania Receivables Corporation
Crossroads Pipeline	Crossroads Pipeline Company
Hardy Storage	Hardy Storage Company, LLC
Kokomo Gas	Kokomo Gas and Fuel Company
Millennium	Millennium Pipeline Company, L.L.C.
NARC	NIPSCO Accounts Receivable Corporation
NDC Douglas Properties	NDC Douglas Properties, Inc.
NEVCO	NiSource Energy Ventures, LLC
NIPSCO	Northern Indiana Public Service Company
NiSource	NiSource Inc.
NiSource Corporate Services	NiSource Corporate Services Company
NiSource Development Company	NiSource Development Company, Inc.
NiSource Finance	NiSource Finance Corporation
Northern Indiana Fuel and Light	Northern Indiana Fuel and Light Company
NiSource Midstream	NiSource Midstream Services, LLC
Pennant	Pennant Midstream, LLC

Abbreviations

AFUDC	Allowance for funds used during construction
AMRP	Accelerated Main Replacement Program
AOC	Administrative Order by Consent
AOCI	Accumulated Other Comprehensive Income (Loss)
ARRs	Auction Revenue Rights
ASC	Accounting Standards Codification
ASU	Accounting Standards Update
BBA	British Banker Association
Bcf	Billion cubic feet
BNS	Bank of Nova Scotia
Board	Board of Directors
BPAE	BP Alternative Energy North America, Inc.

DEFINED TERMS (continued)

BTMU	The Bank of Tokyo-Mitsubishi UFJ, LTD.
BTU	British Thermal Unit
CAA	Clean Air Act
CAIR	Clean Air Interstate Rule
CAMR	Clean Air Mercury Rule
Ccf	Hundred cubic feet
CERCLA	Comprehensive Environmental Response, Compensation and Liability Act (also known as Superfund)
CO_2	Carbon Dioxide
CSAPR	Cross-State Air Pollution Rule
Day 2	Began April 1, 2005 and refers to the operational control of the energy markets by MISO, including the dispatching of wholesale electricity and generation, managing transmission constraints, and managing the day-ahead, real-time and financial transmission rights markets
DPU	Department of Public Utilities
DSIC	Distribution System Improvement Charge
DSM	Demand Side Management
Dth	Dekatherm
ECR	Environmental Cost Recovery
ECRM	Environmental Cost Recovery Mechanism
ECT	Environmental Cost Tracker
EERM	Environmental Expense Recovery Mechanism
EPA	United States Environmental Protection Agency
EPS	Earnings per share
FAC	Fuel adjustment clause
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission
FGD	Flue Gas Desulfurization
FTRs	Financial Transmission Rights
GAAP	Generally Accepted Accounting Principles
GCIM	Gas Cost Incentive Mechanism
GCR	Gas cost recovery
GHG	Greenhouse gases
gwh	Gigawatt hours
Hilcorp	Hilcorp Energy Company
hp	Horsepower
IDEM	Indiana Department of Environmental Management
INDIEC	Indiana Industrial Energy Consumers, Inc.
IRP	Infrastructure Replacement Program
IRS	Internal Revenue Service
IURC	Indiana Utility Regulatory Commission
kV	Kilovolt
LDCs	Local distribution companies
LIBOR	London InterBank Offered Rate
LIFO	Last-in, first-out
LNG	Liquefied Natural Gas

DEFINED TERMS (continued)

MATS	Mercury and Air Toxics Standards
Mcf	Thousand cubic feet
MMcf	Million cubic feet
MGP	Manufactured Gas Plant
MISO	Midcontinent Independent System Operator
Mitchell	Dean H. Mitchell Coal Fired Generating Station
Mizuho	Mizuho Corporate Bank Ltd.
MMDth	Million dekatherms
mw	Megawatts
NAAQS	National Ambient Air Quality Standards
NOV	Notice of Violation
NO_2	Nitrogen dioxide
NOx	Nitrogen oxide
NYMEX	New York Mercantile Exchange
OCI	Other Comprehensive Income (Loss)
OPEB	Other Postretirement Benefits
OUCC	Indiana Office of Utility Consumer Counselor
PADEP	Pennsylvania Department of Environmental Protection
Piedmont	Piedmont Natural Gas Company, Inc.
PM	Particulate matter
PNC	PNC Bank, N.A.
PSC	Public Service Commission
PUC	Public Utility Commission
PUCO	Public Utilities Commission of Ohio
RA	Resource Adequacy
RBS	Royal Bank of Scotland, PLC
RCRA	Resource Conservation and Recovery Act
RDAF	Revenue decoupling adjustment factor
RTO	Regional Transmission Organization
SEC	Securities and Exchange Commission
SIP	State Implementation Plan
SO_2	Sulfur dioxide
TDSIC	Transmission, Distribution and Storage System Improvement Charge
TIRF	Targeted Infrastructure Reinvestment Factor
VaR	Value-at-risk and instrument sensitivity to market factors
VIE	Variable Interest Entities
VSCC	Virginia State Corporation Commission
WACOG	Weighted Average Cost of Gas

PART I

ITEM 1. FINANCIAL STATEMENTS

NiSource Inc.
Condensed Statements of Consolidated Income (unaudited)

(in millions, except per share amounts)	Three Months Ended March 31, 2014	Three Months Ended March 31, 2013
Net Revenues		
Gas Distribution	$ **1,215.0**	$ 892.2
Gas Transportation and Storage	**578.5**	468.5
Electric	**450.0**	377.3
Other	**77.0**	44.2
Gross Revenues	**2,320.5**	1,782.2
Cost of Sales (excluding depreciation and amortization)	**1,061.3**	676.0
Total Net Revenues	**1,259.2**	1,106.2
Operating Expenses		
Operation and maintenance	**501.2**	454.3
Depreciation and amortization	**148.7**	143.6
Gain on sale of assets, net	**(15.7)**	(0.2)
Other taxes	**101.1**	86.7
Total Operating Expenses	**735.3**	684.4
Equity Earnings in Unconsolidated Affiliates	**9.8**	7.1
Operating Income	**533.7**	[illegible]
Other Income (Deductions)		
Interest expense, net	**(109.1)**	(98.6)
Other, net	**4.5**	4.1
Total Other Deductions	**(104.6)**	(94.5)
Income from Continuing Operations before Income Taxes	**429.1**	334.4
Income Taxes	**162.7**	118.4
Income from Continuing Operations	**266.4**	216.0
(Loss) Income from Discontinued Operations - net of taxes	**(0.2)**	8.1
Gain on Disposition of Discontinued Operations - net of taxes	**—**	36.4
Net Income	$ **266.2**	$ 260.5
Basic Earnings Per Share		
Continuing operations	$ **0.85**	$ 0.69
Discontinued operations	**—**	0.15
Basic Earnings Per Share	$ **0.85**	$ 0.84
Diluted Earnings Per Share		
Continuing operations	$ **0.85**	$ 0.69
Discontinued operations	**—**	0.14
Diluted Earnings Per Share	$ **0.85**	$ 0.83
Dividends Declared Per Common Share	$ **0.50**	$ 0.48
Basic Average Common Shares Outstanding	**314.2**	311.1
Diluted Average Common Shares	**315.1**	312.1

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

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ITEM 1. FINANCIAL STATEMENTS (continued)

urce Inc.
densed Statements of Consolidated Comprehensive Income (unaudited)

	Three Months Ended March 31,			
(in millions, net of taxes)		**2014**		2013
Net Income	**$**	**266.2**	$	260.5
Other comprehensive income (loss)				
Net unrealized gain (loss) on available-for-sale securities [1]		**0.3**		(0.4)
Net unrealized gain on cash flow hedges [2]		**0.6**		0.9
Unrecognized pension benefit and OPEB benefit [3]		**0.2**		2.7
Total other comprehensive income		**1.1**		3.2
Total Comprehensive Income	**$**	**267.3**	$	263.7

[1] Net unrealized gain (loss) on available-for-sale securities, net of $ 0.2 million tax expense and $ 0.1 million tax benefit in the first quarter of 2014 and 2013 , respectively.

[2] Net unrealized gains on derivatives qualifying as cash flow hedges, net of $ 0.4 million and $0.6 million tax expense in the first quarter of 2014 and 2013 , respectively.

[3] Unrecognized pension benefit and OPEB benefit, net of zero and $1.7 million tax expense in the first quarter of 2014 and 2013 , respectively.

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

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Condensed Consolidated Balance Sheets (unaudited)

(in millions)		March 31, 2014		December 31, 2013
ASSETS				
Property, Plant and Equipment				
Utility plant	$	**23,695.7**	$	23,303.7
Accumulated depreciation and amortization		**(9,358.6)**		(9,256.5)
Net utility plant		**14,337.1**		14,047.2
Other property, at cost, less accumulated depreciation		**320.6**		317.9
Net Property, Plant and Equipment		**14,657.7**		14,365.1
Investments and Other Assets				
Unconsolidated affiliates		**407.1**		373.7
Other investments		**203.1**		204.0
Total Investments and Other Assets		**610.2**		577.7
Current Assets				
Cash and cash equivalents		**38.0**		26.8
Restricted cash		**10.9**		8.0
Accounts receivable (less reserve of $34.6 and $23.5, respectively)		**1,271.2**		1,005.8
Income tax receivable		**4.1**		5.1
Gas inventory		**97.9**		354.6
Underrecovered gas and fuel costs		**114.3**		[illegible]
Materials and supplies, at average cost		**104.8**		101.2
Electric production fuel, at average cost		**22.9**		44.6
Price risk management assets		**14.4**		22.7
Exchange gas receivable		**161.4**		70.6
Regulatory assets		**159.1**		142.8
Prepayments and other		**321.1**		330.6
Total Current Assets		**2,320.1**		2,159.2
Other Assets				
Regulatory assets		**1,494.9**		1,522.2
Goodwill		**3,666.2**		3,666.2
Intangible assets		**272.9**		275.7
Deferred charges and other		**85.3**		87.8
Total Other Assets		**5,519.3**		5,551.9
Total Assets	**$**	**23,107.3**	$	22,653.9

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

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

(in millions, except share amounts)		**March 31, 2014**		December 31, 2013
CAPITALIZATION AND LIABILITIES				
Capitalization				
Common Stockholders' Equity				
Common stock - $0.01 par value, 400,000,000 shares authorized; 314,800,122 and 313,675,911 shares outstanding, respectively	$	**3.2**	$	3.2
Additional paid-in capital		**4,715.6**		4,690.1
Retained earnings		**1,394.4**		1,285.5
Accumulated other comprehensive loss		**(42.5)**		(43.6)
Treasury stock		**(58.6)**		(48.6)
Total Common Stockholders' Equity		**6,012.1**		5,886.6
Long-term debt, excluding amounts due within one year		**7,638.5**		7,593.2
Total Capitalization		**13,650.6**		13,479.8
Current Liabilities				
Current portion of long-term debt		**530.5**		542.1
Short-term borrowings		**812.5**		698.7
Accounts payable		**714.4**		619.0
Dividends payable		**78.7**		—
Customer deposits and credits		**239.4**		262.6
Taxes accrued		**278.6**		254.8
Interest accrued		**75.3**		136.4
Overrecovered gas and fuel costs		**25.8**		32.2
Exchange gas payable		**143.1**		186.4
Deferred revenue		**7.9**		18.5
Regulatory liabilities		**79.1**		60.2
Accrued liability for postretirement and postemployment benefits		**6.2**		6.2
Legal and environmental		**25.5**		32.3
Other accruals		**323.8**		329.0
Total Current Liabilities		**3,340.8**		3,178.4
Other Liabilities and Deferred Credits				
Deferred income taxes		**3,392.3**		3,277.8
Deferred investment tax credits		**20.0**		20.9
Deferred credits		**100.2**		91.9
Noncurrent deferred revenue		**21.8**		17.1
Accrued liability for postretirement and postemployment benefits		**508.1**		527.5
Regulatory liabilities		**1,677.6**		1,669.8
Asset retirement obligations		**176.5**		174.4
Other noncurrent liabilities		**219.4**		216.3
Total Other Liabilities and Deferred Credits		**6,115.9**		5,995.7
Commitments and Contingencies (Refer to Note 17)		**—**		—
Total Capitalization and Liabilities	**$**	**23,107.3**	$	22,653.9

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

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

Three Months Ended March 31, *(in millions)*	2014	2013
Operating Activities		
Net Income	$ **266.2**	$ 260.5
Adjustments to Reconcile Net Income to Net Cash from Continuing Operations:		
Depreciation and amortization	**148.7**	143.6
Net changes in price risk management assets and liabilities	**0.8**	0.5
Deferred income taxes and investment tax credits	**148.9**	117.1
Deferred revenue	**1.8**	(0.4)
Stock compensation expense and 401(k) profit sharing contribution	**13.9**	10.6
Gain on sale of assets	**(15.7)**	(0.2)
Income from unconsolidated affiliates	**(9.6)**	(7.3)
Gain on disposition of discontinued operations - net of taxes	**—**	(36.4)
Loss (Income) from discontinued operations - net of taxes	**0.2**	(8.1)
Amortization of debt related costs	**2.4**	2.3
AFUDC equity	**(4.0)**	(3.5)
Distributions of earnings received from equity investees	**7.6**	7.0
Changes in Assets and Liabilities:		
Accounts receivable	**(265.1)**	(161.4)
Income tax receivable	**0.9**	50.4
Inventories	**274.0**	[illegible]
Accounts payable	**126.5**	[illegible]
Customer deposits and credits	**(23.1)**	(102.0)
Taxes accrued	**19.3**	28.1
Interest accrued	**(61.1)**	(65.5)
(Under)Overrecovered gas and fuel costs	**(74.2)**	69.3
Exchange gas receivable/payable	**(134.2)**	(89.8)
Other accruals	**(30.1)**	(26.6)
Prepayments and other current assets	**4.5**	(5.8)
Regulatory assets/liabilities	**2.9**	5.8
Postretirement and postemployment benefits	**(19.3)**	(36.8)
Deferred credits	**8.4**	7.7
Deferred charges and other noncurrent assets	**(0.2)**	(0.4)
Other noncurrent liabilities	**4.0**	(2.0)
Net Operating Activities from Continuing Operations	**394.4**	436.8
Net Operating Activities (used for) from Discontinued Operations	**(0.4)**	12.3
Net Cash Flows from Operating Activities	**394.0**	449.1
Investing Activities		
Capital expenditures	**(386.3)**	(369.3)
Proceeds from disposition of assets	**5.3**	0.5
Restricted cash (deposits) withdrawals	**(2.9)**	23.6
Contributions to equity investees	**(31.0)**	(17.1)
Other investing activities	**7.0**	[illegible]
Net Investing Activities used for Continuing Operations	**(407.9)**	[illegible]
Net Investing Activities from Discontinued Operations	**—**	121.5
Net Cash Flows used for Investing Activities	**(407.9)**	(246.1)
Financing Activities		
Repayments of long-term debt and capital lease obligations		

		(9.1)	(427.1)
Change in short-term borrowings, net		113.8	354.3
Issuance of common stock		8.9	17.2
Acquisition of treasury stock		(10.0)	(7.6)
Dividends paid - common stock		(78.5)	(74.7)
Net Cash Flows from (used for) Financing Activities		25.1	(137.9)
Change in cash and cash equivalents from (used for) continuing operations		11.6	(68.7)
Cash contributions (to) from discontinued operations		(0.4)	133.8
Cash and cash equivalents at beginning of period		26.8	36.3
Cash and Cash Equivalents at End of Period	$	38.0	$ 101.4

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

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Condensed Statement of Consolidated Common Stockholders' Equity (unaudited)

(in millions)	Common Stock	Treasury Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income/(Loss)	Total
Balance as of January 1, 2014	**$ 3.2**	**$ (48.6)**	**$ 4,690.1**	**$ 1,285.5**	**$ (43.6)**	**$ 5,886.6**
Comprehensive Income:						
Net Income	—	—	—	266.2	—	266.2
Other comprehensive income, net of tax					1.1	1.1
Common stock dividends	—	—	—	(157.3)	—	(157.3)
Treasury stock acquired	—	(10.0)	—		—	(10.0)
Issued:						
Employee stock purchase plan	—		0.8	—	—	0.8
Long-term incentive plan	—	—	8.4	—	—	8.4
401(k) and profit sharing issuance	—		14.3		—	14.3
Dividend reinvestment plan	—	—	2.0		—	2.0
Balance as of March 31, 2014	**$ 3.2**	**$ (58.6)**	**$ 4,715.6**	**$ 1,394.4**	**$ (42.5)**	**$ 6,012.1**

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

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

1. Basis of Accounting Presentation

The accompanying Condensed Consolidated Financial Statements (unaudited) for NiSource (the "Company") reflect all normal recurring adjustments that are necessary, in the opinion of management, to present fairly the results of operations in accordance with GAAP in the United States of America.

The accompanying financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in NiSource's Annual Report on Form 10-K for the fiscal year ended December 31, 2013 . Income for interim periods may not be indicative of results for the calendar year due to weather variations and other factors.

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

2. Recent Accounting Pronouncements

In April 2014, the FASB issued ASU 2014-08, *Presentation of Financial Statements (Topic 205) and Property, Plant, and Equipment (Topic 360): Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity*. ASU 2014-08 changes the criteria for reporting a discontinued operation. Under the new pronouncement, a disposal of a part of an organization that has a major effect on its operations and financial results is a discontinued operation. NiSource is required to adopt ASU 2014-08 prospectively for all disposals or components of its business classified as held for sale during fiscal periods beginning after December 15, 2014. NiSource is currently evaluating what impact, if any, adoption of ASU 2014-08 will have on its Condensed Consolidated Financial Statements (unaudited) and Notes to Condensed Consolidated Financial Statements (unaudited).

Earnings Per Share

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

	Three Months Ended March 31,	
(in thousands)	**2014**	2013
Denominator		
Basic average common shares outstanding	**314,222**	311,120
Dilutive potential common shares:		
Stock options	**59**	156
Shares contingently issuable under employee stock plans	**399**	276
Shares restricted under stock plans	**442**	523
Diluted Average Common Shares	**315,122**	312,075

4. Gas in Storage

Both the LIFO inventory methodology and the weighted average cost methodology are used to value natural gas in storage. Gas Distribution Operations price 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 rded as a temporary LIFO liquidation credit or debit within the Condensed Consolidated Balance Sheets (unaudited). Due to seasonality irements, NiSource expects interim variances in LIFO layers to be replenished by year-end. NiSource had a temporary LIFO liquidation debit of $10.3 million and zero as of March 31, 2014 and December 31, 2013 , respectively, for certain gas distribution companies recorded within "Prepayments and other," on the Condensed Consolidated Balance Sheets (unaudited).

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

5. Discontinued Operations and Assets and Liabilities Held for Sale

On September 1, 2013, NiSource sold the commercial and industrial natural gas portfolio of its unregulated natural gas marketing business. The sale included the physical contracts and associated financial hedges that comprise the portfolio, as well as the gas inventory and customer deposits of the business. The sale resulted in an after tax loss of $1.5 million which was recorded during the third quarter of 2013.

During 2012, NiSource began marketing to sell the service plan and leasing business lines of its Retail Services business. The sale of the business lines closed in January 2013 resulting in gain from the disposition of discontinued operations of $36.4 million , net of taxes, which was recorded during the first quarter of 2013.

There were no assets and liabilities of discontinued operations and held for sale on the Condensed Consolidated Balance Sheets (unaudited) at March 31, 2014 and December 31, 2013 .

Results from discontinued operations are provided in the following table. These results are primarily from a settlement at NiSource's former exploration and production subsidiary, CER, NiSource's Retail Services business, and NiSource's unregulated natural gas marketing business.

	Three Months Ended March 31,	
(in millions)	**2014**	2013
Revenues from Discontinued Operations	**$ —**	$ 16.2
(Loss) Income from discontinued operations	**(0.3)**	13.2
Income tax (benefit) expense	**(0.1)**	5.1
(Loss) Income from Discontinued Operations - net of taxes	**$ (0.2)**	$ 8.1
Gain on Disposition of Discontinued Operations - net of taxes	**$ —**	$ 36.4

6. Asset Retirement Obligations

Certain costs of removal that have been, and continue to be, included in depreciation rates and collected in the service rates of the rate-regulated subsidiaries are classified as "Regulatory liabilities" on the Condensed Consolidated Balance Sheets (unaudited).

Changes in NiSource's liability for asset retirement obligations for the three months ended March 31, 2014 and 2013 are presented in the table below:

(in millions)	**2014**	2013
Balance as of January 1,	**$ 174.4**	$ 160.4
Accretion expense	**0.4**	0.3
Accretion recorded as a regulatory asset/liability	**2.1**	2.3
Additions	**0.1**	2.9
Settlements	**(0.5)**	(0.3)
Change in estimated cash flows	—	(0.3)
Balance as of March 31,	**$ 176.5**	$ 165.3

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

7. Regulatory Matters

Gas Distribution Operations Regulatory Matters

Significant Rate Developments . On April 30, 2013, Indiana Governor Pence signed Senate Enrolled Act 560 into law. Among other provisions, this legislation provides for cost recovery outside of a base rate proceeding for new or replacement electric and gas transmission, distribution, and storage projects that a public utility undertakes for the purposes of safety, reliability, system modernization, or economic development. Provisions of the TDSIC statute require that, among other things, requests for recovery include a seven year plan of eligible investments. Once the plan is approved by the IURC, 80 percent of eligible costs can be recovered using a periodic rate adjustment mechanism. The cost recovery mechanism is referred to as a TDSIC mechanism. Recoverable costs include a return on, and of, the investment, including AFUDC, post in service carrying charges, operation and maintenance expenses, depreciation, and property taxes. The remaining 20 percent of recoverable costs are to be deferred for future recovery in the public utility's next general rate case. The periodic rate adjustment mechanism is capped at an annual increase of no more than two percent of total retail revenues. On October 3, 2013, NIPSCO filed its gas TDSIC seven-year plan of eligible investments for a total of approximately $710 million with the IURC. An order is expected by the second quarter of 2014.

On November 25, 2013, Columbia of Ohio filed a Notice of Intent to file an application to adjust rates associated with its IRP and DSM Riders. Columbia of Ohio filed its Application on February 28, 2014, requesting authority to increase revenues by approximately $25.5 million . The parties have settled all issues, and on April 7, 2014 filed a stipulation providing for a revenue increase of approximately $25.5 million . On April 23, 2014, Columbia of Ohio received approval of its annual infrastructure replacement and demand-side management rider request from the PUCO. New rates are effective April 30, 2014.

On April 16, 2013, Columbia of Massachusetts submitted a filing with the Massachusetts DPU requesting an annual revenue requirement increase of $30.1 million . Pursuant to the procedural schedule for this case, on September 3, 2013, Columbia of Massachusetts filed its updated revenue requirement of $29.5 million and on October 16, 2013, filed an updated cost of service for $30.0 million . A final revenue requirement update of $29.9 million was filed on December 16, 2013. On February 28, 2014 the Massachusetts DPU issued an order granting an annual revenue requirement increase of $19.3 million effective March 1, 2014, and the compliance filing associated with the order has been approved. Columbia of Massachusetts currently has two Motions for Reconsideration and Clarification pending before the Massachusetts DPU with regard to specific findings in the order.

On September 16, 2013, Columbia of Massachusetts filed its Peak Period Gas Adjustment Factor ("GAF") for the period November 1, 2013 through April 30 2014, and its Peak Period 2012-2013 GAF Reconciliation. On January 17, 2014, Columbia of Massachusetts filed a revision to the GAF effective February 1, 2014, and on February 18, 2014, Columbia of Massachusetts filed its second revision to the GAF effective March 1, 2014, to eliminate Columbia of Massachusetts's projected Peak Period under-collection of $50 million . On February 28, 2014, the Massachusetts DPU approved the revision subject to further review and reconciliation, but deferred recovery of $25 million of the projected under-collection to November 2014 - April 2015, and thus, this deferred amount will be incorporated into the proposed GAF to be submitted in Columbia of Massachusetts's 2014-2015 Peak Period GAF filing.

On March 21, 2014, Columbia of Pennsylvania filed a base rate case with the Pennsylvania PUC, seeking a revenue increase of approximately $54.1 million annually. The case is driven by Columbia of Pennsylvania's capital investment program which exceeds $180 million in both 2014 and 2015 as well as new pipeline safety-related operation and maintenance expenditures. Columbia of Pennsylvania seeks Pennsylvania PUC approval to implement additional rates to recover costs that are projected to be incurred after the implementation of those new rates, as authorized by the Pennsylvania General Assembly with the passage of Act 11 of 2012. Columbia of Pennsylvania's filing seeks to implement rates in December 2014 under which Columbia of Pennsylvania would immediately begin to recover costs that are projected for the twelve-month period ending December 31, 2015. The case is currently in discovery, and a final order from the Pennsylvania PUC is expected in the fourth quarter of 2014.

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

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

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

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

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

Columbia Pipeline Group Operations Regulatory Matters

Significant Rate Developments. On January 30, 2014, Columbia Transmission received FERC approval of its December 2013 filing to recover costs associated with the first year of its comprehensive system modernization program. During 2013, Columbia Transmission completed more than 30 individual projects representing a total investment of about $300 million . The program includes replacement of aging pipeline and compressor facilities, enhancements to system inspection capabilities, and improvements in real-time analytics and control systems. Recovery of the 2013 investments began on February 1, 2014.

The second year of the program includes planned modernization investments of approximately $300 million . Columbia Transmission and its customers have agreed to the initial five years of the comprehensive modernization program, with an opportunity to mutually extend the agreement.

Cost Recovery Trackers. A significant portion of the regulated transmission and storage companies' revenue is related to the recovery of their operating costs, the review and recovery of which occurs via standard regulatory proceedings with the FERC under section 4 of the Natural Gas Act. However, certain operating costs of the NiSource regulated transmission and storage companies are significant and recurring in nature, such as fuel for compression and lost and unaccounted for gas. The FERC allows for the recovery of such costs via cost tracking mechanisms. These tracking mechanisms allow the transmission and storage companies' rates to fluctuate in response to changes in certain operating costs or conditions as they occur to facilitate the timely recovery of its costs incurred. The tracking mechanisms involve a rate adjustment that is filed at a predetermined frequency, typically annually, with the FERC and is subject to regulatory review before new rates go into effect. Other such costs under regulatory tracking mechanisms include third-party pipeline transportation, electric compression, certain environmental, and certain operational purchases and sales of natural gas.

Electric Operations Regulatory Matters

Significant Rate Developments . On July 19, 2013, NIPSCO filed its electric TDSIC, further discussed above, with the IURC. The filing included the seven-year plan of eligible investments for a total of approximately $1.1 billion with the majority of the spend occurring in years 2016 through 2020. On February 17, 2014, the IURC issued an order approving NIPSCO's seven-year plan of eligible investments. The Order also granted NIPSCO ratemaking relief associated with the eligible investments through a rate adjustment mechanism. NIPSCO anticipates filing its first semi-annual tracker petition in the third quarter of 2014. On March 10, 2014 the OUCC filed a Petition for Reconsideration with the IURC which is still pending. In addition, two parties have filed Notices of Appeal with the Indiana Court of Appeals to appeal the IURC's ruling.

On November 12, 2013, several industrial customers, including INDIEC, filed a complaint at the FERC regarding the 12.38% base ROE used to set the MISO Transmission Owners' transmission rates and requesting a reduction in the base ROE to 9.15% . The complaint further requests that FERC limit the capital structure of MISO Transmission Owners to no more than 50% common equity for ratemaking purposes and that FERC eliminate incentive adders for membership in a RTO. NIPSCO joined in an answer defending the 12.38% base ROE and motion to dismiss the complaint filed on behalf of a group of MISO Transmission Owners on January 6, 2014. NIPSCO is unable to estimate the impact of this complaint or the timing of any potential impact at this time.

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

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

NIPSCO has approval from the IURC to recover certain environmental related costs through an ECT. Under the ECT, NIPSCO is permitted to recover (1) AFUDC and a return on the capital investment expended by NIPSCO to implement environmental compliance plan projects through an ECRM and (2) related operation and maintenance and depreciation expenses once the environmental facilities become operational through an EERM. On January 31, 2014, NIPSCO filed ECR-23 which included $583.5 million of net capital expenditures for the period ending December 31, 2013. An order is expected by the second quarter of 2014.

8. Risk Management Activities

NiSource is exposed to certain risks relating to its ongoing business operations. The primary risks managed by using derivative instruments are commodity price risk and interest rate risk. Derivative natural gas contracts are entered into to manage the price risk associated with natural gas price volatility and to secure forward natural gas prices. Interest rate swaps are entered into to manage interest rate risk or fair value risk associated with NiSource's borrowings. NiSource designates some of its commodity forward contracts as cash flow hedges of forecasted purchases of commodities and designates its interest rate swaps as fair value hedges of fixed-rate borrowings.

Accounting Policy for Derivative Instruments. Unrealized and realized gains and losses are recognized each period as components of AOCI, regulatory assets and liabilities or earnings depending on the designation of the derivative instrument and regulatory accounting treatment. For subsidiaries that utilize derivatives for cash flow hedges, the effective portions of the gains and losses are recorded to AOCI and are recognized in earnings concurrent with the disposition of the hedged risks. If a forecasted transaction corresponding to a cash flow hedge is no longer probable to occur, the accumulated gains or losses on the derivative are recognized currently in earnings. For fair value hedges, the gains and losses are recorded in earnings each period together with the change in the fair value of the hedged item. As a result of the rate-making process, the rate-regulated subsidiaries generally record gains and losses as regulatory liabilities or assets and recognize such gains or losses in earnings when both the contracts settle and the physical commodity flows. These gains and losses recognized in earnings are then subsequently recovered or passed back to customers in revenues through rates. When gains and losses are recognized in earnings, they are recognized in revenues or cost of sales for derivatives that correspond to commodity risk activities and are recognized in interest expense for derivatives that correspond to interest-rate risk activities.

For its commodity price risk programs, NiSource has elected not to net the fair value amounts of its derivative instruments or the fair value amounts recognized for its right to receive or obligation to pay cash collateral arising from those derivative instruments recognized at fair value, which are executed with the same counterparty under a master netting arrangement. NiSource discloses amounts recognized for the right to reclaim cash collateral within "Restricted cash" and amounts recognized for the obligation to return cash collateral within "Other accruals" on the Condensed Consolidated Balance Sheets (unaudited).

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

Commodity Price Risk Programs .

Commodity price risk program derivatives consist of NYMEX gas options, NYMEX gas futures and FTRs. Contracted gross volumes are as follows:

	March 31, 2014	December 31, 2013
Commodity Price Risk Program:		
Gas price volatility program derivatives (MMDth)	**13.9**	17.0
Price Protection Service program derivatives (MMDth)	**0.3**	0.7
DependaBill program derivatives (MMDth)	**0.1**	0.2
Electric energy program FTR derivatives (mw)	**—**	1,248.0

Interest Rate Risk Activities . NiSource recognizes that the prudent and selective use of derivatives may help it to lower its cost of debt capital and manage its interest rate exposure. NiSource Finance has entered into various "receive fixed" and "pay floating" interest rate swap agreements which modify the interest rate characteristics of a portion of its outstanding long-term debt from fixed to variable rate. These interest rate swaps also serve to hedge the fair market value of NiSource Finance's outstanding debt portfolio. As of March 31, 2014 , NiSource had $7.7 billion of outstanding fixed rate debt, of which $500 million is subject to fluctuations in interest rates as a result of the fixed-to-variable interest rate swap transactions. These interest rate swaps are designated as fair value hedges. NiSource had no net gain or loss recognized in earnings due to hedging ineffectiveness for the three months ended March 31, 2014 and 2013 .

On July 22, 2003, NiSource Finance entered into fixed-to-variable interest rate swap agreements in a notional amount of $500 million with four counterparties which will expire on July 15, 2014 . NiSource Finance receives payments based upon a fixed 5.40% interest rate and pays a floating interest amount based on U.S. 6-month BBA LIBOR plus an average of 0.78% per annum. There was no exchange of premium at the initial date of the swaps.

Contemporaneously with the issuance on September 16, 2005 of $1 billion of its 5.25% and 5.45% notes, maturing September 15, 2017 and 2020, respectively, NiSource Finance settled $900 million of forward starting interest rate swap agreements with six counterparties. NiSource paid an aggregate settlement payment of $35.5 million which is being amortized from AOCI to interest expense over the term of the underlying debt, resulting in an effective interest rate of 5.67% and 5.88% , respectively. As of March 31, 2014 , AOCI includes $7.8 million related to forward starting interest rate swap settlement, net of tax. These derivative contracts are accounted for as a cash flow hedge.

As of March 31, 2014 , NiSource holds a 47.5% interest in Millennium. As NiSource reports Millennium as an equity method investment, NiSource is required to recognize a proportional share of Millennium's OCI. NiSource's proportionate share of the remaining unrecognized loss associated with settled interest rate swaps was $17.4 million and $17.7 million , net of tax, as of March 31, 2014 and December 31, 2013 , respectively. Millennium is amortizing the losses related to these terminated interest rate swaps into earnings using the effective interest method through interest expense as interest payments are made. NiSource records its proportionate share of the amortization as Equity Earnings in Unconsolidated Affiliates in the Condensed Statements of Consolidated Income (unaudited).

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

NiSource's location and fair value of derivative instruments on the Condensed Consolidated Balance Sheets (unaudited) were:

Asset Derivatives *(in millions)*	**March 31, 2014**	December 31, 2013
Balance Sheet Location	**Fair Value**	Fair Value
Derivatives designated as hedging instruments		
Commodity price risk programs		
Price risk management assets (current)	$ **0.1**	$ —
Interest rate risk activities		
Price risk management assets (current)	**10.7**	21.2
Total derivatives designated as hedging instruments	$ **10.8**	$ 21.2
Derivatives not designated as hedging instruments		
Commodity price risk programs		
Price risk management assets (current)	$ **3.6**	$ 1.5
Price risk management assets (noncurrent)	—	0.5
Total derivatives not designated as hedging instruments	$ **3.6**	$ 2.0
Total Asset Derivatives	$ **14.4**	$ 23.2

There were no significant liability derivatives as of March 31, 2014 and December 31, 2013.

As noted in NiSource's accounting policy for derivative instruments, above, for its commodity price risk programs, NiSource has elected not to net fair value amounts for its derivative instruments or the fair value amounts recognized for its right to receive cash collateral or obligation to pay cash collateral arising from those derivative instruments recognized at fair value, which are executed with the same counterparty under a master netting arrangement.

The tables below represent the amounts subject to an enforceable master netting arrangement not otherwise disclosed:

Offsetting of Derivative Assets ***(in millions)***
As of March 31, 2014

	Gross Amounts of Recognized Assets	Gross Amounts Offset in the Statement of Financial Position	Net Amounts of Assets Presented in the Statement of Financial Position	Gross Amounts Not Offset in the Statement of Financial Position	Net Amount
Counterparty B	$ 3.7	$ —	$ 3.7	$ (0.4)	$ 3.3
Other [1]	10.7	—	10.7		10.7
Total	$ 14.4	$ —	$ 14.4	$ (0.4)	$ 14.0

Offsetting of Derivative Liabilities ***(in millions)***
As of March 31, 2014

	Gross Amounts of Recognized Liabilities	Gross Amounts Offset in the Statement of Financial Position	Net Amounts of Liabilities Presented in the Statement of Financial Position	Gross Amounts Not Offset in the Statement of Financial Position	Net Amount
Counterparty B	$ (0.4)	$ —	$ (0.4)	$ 0.4	$ —
Total	$ (0.4)	$ —	$ (0.4)	$ 0.4	$ —

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

Offsetting of Derivative Assets ***(in millions)***
As of December 31, 2013

	Gross Amounts of Recognized Assets	Gross Amounts Offset in the Statement of Financial Position	Net Amounts of Assets Presented in the Statement of Financial Position	Gross Amounts Not Offset in the Statement of Financial Position	Net Amount
Counterparty B	$ 2.1	$ —	$ 2.1	$ (1.7)	$ 0.4
Other [1]	21.1	—	21.1	—	21.1
Total	$ 23.2	$ —	$ 23.2	$ (1.7)	$ 21.5

Offsetting of Derivative Liabilities ***(in millions)***
As of December 31, 2013

	Gross Amounts of Recognized Liabilities	Gross Amounts Offset in the Statement of Financial Position	Net Amounts of Liabilities Presented in the Statement of Financial Position	Gross Amounts Not Offset in the Statement of Financial Position	Net Amount
Counterparty B	$ (1.7)	$ —	$ (1.7)	$ 1.7	$ —
Total	$ (1.7)	$ —	$ (1.7)	$ 1.7	$ —

[1] Amounts in "Other" include fixed-to-variable interest rate swap agreements entered into by NiSource.

The effect of derivative instruments on the Condensed Statements of Consolidated Income (unaudited) was:

Derivatives in Cash Flow Hedging Relationships

Three Months Ended (*in millions*)

Derivatives in Cash Flow Hedging Relationships	Amount of Gain Recognized in OCI on Derivative (Effective Portion) **March 31, 2014**	Amount of Gain Recognized in OCI on Derivative (Effective Portion) March 31, 2013	Location of Loss Reclassified from AOCI into Income (Effective Portion)	Amount of (Loss) Gain Reclassified from AOCI into Income (Effective Portion) **March 31, 2014**	Amount of (Loss) Gain Reclassified from AOCI into Income (Effective Portion) March 31, 2013
Commodity price risk programs	**$ 0.1**	$ 0.1	Cost of Sales	**$ (0.1)**	$ 0.1
Interest rate risk activities	—	—	Interest expense, net	**(0.4)**	(0.4)
Total	**$ 0.1**	$ 0.1		**$ (0.5)**	$ (0.3)

There was no income statement recognition of gains or losses for the ineffective portion and amounts excluded from effectiveness testing for derivatives in cash flow hedging relationships for the three months ended March 31, 2014 and 2013 .

It is anticipated that during the next twelve months the expiration and settlement of cash flow hedge contracts will result in income statement recognition of amounts currently classified in AOCI of approximately $0.1 million of gain, net of taxes.

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

Derivatives in Fair Value Hedging Relationships

Three Months Ended *(in millions)*

Derivatives in Fair Value Hedging Relationships	Location of Loss Recognized in Income on Derivatives	Amount of Loss Recognized in Income on Derivatives	
		March 31, 2014	March 31, 2013
Interest rate risk activities	Interest expense, net	$ **(10.4)**	$ (9.7)
Total		$ **(10.4)**	$ (9.7)

Three Months Ended *(in millions)*

Hedged Item in Fair Value Hedge Relationships	Location of Gain Recognized in Income on Related Hedged Item	Amount of Gain Recognized in Income on Related Hedged Items	
		March 31, 2014	March 31, 2013
Fixed-rate debt	Interest expense, net	$ **10.4**	$ 9.7
Total		$ **10.4**	$ 9.7

Derivatives not designated as hedging instruments

Three Months Ended *(in millions)*

Derivatives Not Designated as Hedging Instruments	Location of Gain (Loss) Recognized in Income on Derivatives	Amount of Realized/Unrealized Gain (Loss) Recognized in Income on Derivatives [1]	
		March 31, 2014	March 31, 2013
Commodity price risk programs	Gas Distribution revenues	$ **—**	$ 0.1
Commodity price risk programs	Cost of Sales	**6.9**	(6.7)
Commodity price risk programs	(Loss) Income from Discontinued Operations - net of taxes	**—**	0.2
Total		$ **6.9**	$ (6.4)

[1] For the amounts of realized/unrealized gain (loss) recognized in income on derivatives disclosed in the table above, gains of $6.9 million and $6.6 million for the three months ended March 31, 2014 and 2013 , respectively, were deferred as allowed per regulatory orders. These amounts will be amortized to income over future periods of up to twelve months as specified in a regulatory order.

NiSource's derivative instruments measured at fair value as of March 31, 2014 and December 31, 2013 do not contain any credit-risk-related contingent features.

Certain NiSource affiliates have physical commodity purchase agreements that contain "ratings triggers" that require increases in collateral if the credit rating of NiSource or certain of its affiliates are rated below BBB- by Standard & Poor's or below Baa3 by Moody's. These agreements are primarily for the physical purchase or sale of natural gas and electricity. The collateral requirement from a downgrade below the ratings trigger levels would amount to approximately $0.9 million . In addition to agreements with ratings triggers, there are some agreements that contain "adequate assurance" or "material adverse change" provisions that could result in additional credit support such as letters of credit and cash collateral to transact business.

NiSource had $5.3 million and $5.9 million of cash on deposit with brokers and MISO for collateral requirements associated with open derivative positions reflected within "Restricted cash" on the Condensed Consolidated Balance Sheets (unaudited) as of March 31, 2014 and December 31, 2013 , respectively.

ITEM 1. FINANCIAL STATEMENTS (continued)

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

9. Fair Value

A. Fair Value Measurements

Recurring Fair Value Measurements. The following tables present financial assets and liabilities measured and recorded at fair value on NiSource's Condensed Consolidated Balance Sheets (unaudited) on a recurring basis and their level within the fair value hierarchy as of March 31, 2014 and December 31, 2013 :

Recurring Fair Value Measurements March 31, 2014 *(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, 2014
Assets				
Commodity price risk management assets:				
Financial price risk programs	$ 3.7	$ —	$ —	$ 3.7
Interest rate risk activities	—	10.7	—	10.7
Available-for-sale securities	24.2	95.9	—	120.1
Total	$ 27.9	$ 106.6	$ —	$ 134.5
Liabilities				
Commodity price risk management liabilities:				
Financial price risk programs	$ 0.1	$ —	$ 0.3	$ 0.4
Total	$ 0.1	$ —	$ 0.3	$ 0.4

Recurring Fair Value Measurements December 31, 2013 *(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, 2013
Assets				
Commodity price risk management assets:				
Financial price risk programs	$ 2.1	$ —	$ —	$ 2.1
Interest rate risk activities	—	21.1	—	21.1
Available-for-sale securities	25.3	96.1	—	121.4
Total	$ 27.4	$ 117.2	$ —	$ 144.6
Liabilities				
Commodity price risk management liabilities:				
Financial price risk programs	$ 1.6	$ —	$ 0.1	$ 1.7
Total	$ 1.6	$ —	$ 0.1	$ 1.7

Price risk management assets and liabilities include commodity exchange-traded and non-exchange-based derivative contracts. Exchange-traded derivative contracts are based on unadjusted quoted prices in active markets and are classified within Level 1. These financial assets and liabilities are secured with cash on deposit with the exchange; therefore nonperformance risk has not been incorporated into these valuations. Certain non-exchange-traded derivatives are valued using broker or over-the-counter, on-line exchanges. In such cases, these non-exchange-traded derivatives are classified within Level 2. Non-exchange-based derivative instruments include swaps, forwards, and options. In certain instances, these instruments may utilize models to measure fair value. NiSource uses a similar model to value similar instruments. Valuation models utilize various inputs that include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, other observable inputs for the asset or liability, and market-corroborated inputs, i.e., inputs derived principally from or corroborated by observable market data by correlation or other means. Where observable inputs are available for substantially the full term of the asset or liability, the instrument is categorized in 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 in 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, 2014 and December 31, 2013 , there were no material transfers between fair value hierarchies. Additionally, there were no changes in the method or significant assumptions used to estimate the fair value of NiSource's financial instruments.

Price risk management assets also include fixed-to-floating interest-rate swaps, which are designated as fair value hedges, as a means to achieve NiSource's targeted level of variable-rate debt as a percent of total debt. NiSource uses a calculation of future cash inflows and estimated future outflows related to the swap agreements, which are discounted and netted to determine the current fair value. Additional inputs to the present value calculation include the contract terms, as well as market parameters such as current and projected interest rates and volatility. As they are based on observable data and valuations of similar instruments, the interest-rate swaps are categorized in Level 2 in the fair value hierarchy. Credit risk is considered in the fair value calculation of the interest rate swap.

Available-for-sale securities are investments pledged as collateral for trust accounts related to NiSource's wholly-owned insurance company. Available-for-sale securities are included within "Other investments" in the Condensed Consolidated Balance Sheets (unaudited). Securities classified within Level 1 include U.S. Treasury debt securities which are highly liquid and are actively traded in over-the-counter markets. NiSource values corporate and mortgage-backed debt securities using a matrix pricing model that incorporates market-based information. These securities trade less frequently and are classified within Level 2. Total gains and losses from available-for-sale securities are included in other comprehensive income (loss). The amortized cost, gross unrealized gains and losses, and fair value of available-for-sale debt securities at March 31, 2014 and December 31, 2013 were:

March 31, 2014 *(in millions)*	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available-for-sale debt securities				
U.S. Treasury	$ 27.0	$ 0.2	$ (0.4)	$ [illegible]
Corporate/Other	93.0	1.2	(0.9)	93.3
Total Available-for-sale debt securities	**$ 120.0**	**$ 1.4**	**$ (1.3)**	**$ 120.1**

December 31, 2013 *(in millions)*	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available-for-sale debt securities				
U.S. Treasury	$ 30.3	$ 0.3	$ (0.5)	$ 30.1
Corporate/Other	91.5	1.1	(1.3)	91.3
Total Available-for-sale debt securities	$ 121.8	$ 1.4	$ (1.8)	$ 121.4

For the three months ended March 31, 2014 and 2013 , the net realized gain on the sale of available-for-sale U.S. Treasury debt securities was $0.1 million and $0.2 million , respectively. For the three months ended March 31, 2014 and 2013 , the net realized gain on sale of available-for-sale Corporate/Other bond debt securities was $0.1 million and $0.2 million , respectively.

The cost of maturities sold is based upon specific identification. At March 31, 2014 , approximately $2.6 million of U.S. Treasury debt securities have maturities of less than a year while the remaining securities have maturities of greater than one year. At March 31, 2014 , approximately $4.4 million of Corporate/Other bonds have maturities of less than a year while the remaining securities have maturities of greater than one 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, 2014 and 2013 .

Non-recurring Fair Value Measurements. There were no significant non-recurring fair value measurements recorded during the three months ended March 31, 2014 .

In January 2013, NiSource sold the service plan and leasing business lines of its Retail Services business. The disposed business lines were included in the Columbia Distribution Operations reporting unit and the NIPSCO Gas Distribution Operations reporting unit. Goodwill associated with the disposed business lines was included in the carrying amount of the business lines in determining the gain on disposal. The amount of the goodwill included in the carrying amount was based on the relative fair values of the

business lines disposed of and the portion of the reporting units that were retained. The fair value of the disposed business lines was determined by using the selling price of the business lines. The fair value of the reporting units that were retained was determined by a weighted average of income and market approaches. This approach was similar to the process undertaken to calculate the fair value of the reporting units for the goodwill impairment test conducted on May 1, 2012. These approaches are further discussed in NiSource's Annual Report on Form 10-K for the fiscal year ended December 31, 2012 and yield fair values considered to be at Level 3 of the fair value hierarchy. The respective fair value of the disposed business lines was divided by the fair value of the reporting units to which the disposed business lines belonged. These percentages were then applied to those goodwill balances to determine their allocations. As a result of these procedures, NiSource recorded a disposal of goodwill of approximately $11.0 million during the first quarter of 2013. This amount is included within the "Gain on Disposition of Discontinued Operations - net of taxes" on the Condensed Statements of Consolidated Income (unaudited).

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

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate fair value.

Long-term Debt. The fair values of these securities are estimated based on the quoted market prices for the same or similar issues or on the rates offered for securities of the same remaining maturities. 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 as Level 2 within the fair value hierarchy. For the three months ended March 31, 2014 and 2013 , there were no changes in the method or significant assumptions used to estimate the fair value of the financial instruments.

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

(in millions)	**Carrying Amount as of March 31, 2014**	**Estimated Fair Value as of March 31, 2014**	Carrying Amount as of Dec. 31, 2013	Estimated [illegible] Value as of Dec. 31, 2013
Long-term debt (including current portion)	$ **8,169.0**	$ **8,944.1**	$ 8,135.3	$ 8,697.3

10. Transfers of Financial Assets

Transfers of accounts receivable are accounted for as secured borrowings resulting in the recognition of short-term borrowings on the Condensed Consolidated Balance Sheets (unaudited). The maximum amount of debt that can be recognized related to NiSource's accounts receivable programs is $515 million .

All accounts receivables sold to the commercial paper conduits are valued at face value, which approximates fair value due to their short-term nature. The amount of the undivided percentage ownership interest in the accounts receivables sold is determined in part by required loss reserves under the agreements. Below is information about the accounts receivable securitization agreements entered into by NiSource's subsidiaries.

Columbia of Ohio is under an agreement to sell, without recourse, substantially all of its trade receivables, as they originate, to CGORC, a wholly-owned subsidiary of Columbia of Ohio. CGORC, in turn, is party to an agreement with BTMU and BNS under the terms of which it sells an undivided percentage ownership interest in its accounts receivable to commercial paper conduits sponsored by BTMU and BNS. This agreement was last renewed on October 18, 2013. The maximum seasonal program limit under the terms of the new agreement remains at $240 million . The current agreement expires on October 17, 2014 , and can be further renewed if mutually agreed to by all parties. As of March 31, 2014 , $240.0 million of accounts receivable had been transferred by CGORC. CGORC is a separate corporate entity from NiSource and Columbia of Ohio, with its own separate obligations, and upon a liquidation of CGORC, CGORC's obligations must be satisfied out of CGORC's assets prior to any value becoming available to CGORC's stockholder.

NIPSCO is under an agreement to sell, without recourse, substantially all of its trade receivables, as they originate, to NARC, a wholly-owned subsidiary of NIPSCO. NARC, in turn, is party to an agreement with PNC and Mizuho under the terms of which it sells an undivided percentage ownership interest in its accounts receivable to commercial paper conduits sponsored by PNC and

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Mizuho. This agreement was last renewed on August 28, 2013. The maximum seasonal program limit under the terms of the new agreement remains at $200 million . The current agreement expires on August 27, 2014 , and can be further renewed if mutually agreed to by all parties. As of March 31, 2014 , $200.0 million of accounts receivable had been transferred by NARC. NARC is a separate corporate entity from NiSource and NIPSCO, with its own separate obligations, and upon a liquidation of NARC, NARC's obligations must be satisfied out of NARC's assets prior to any value becoming available to NARC's stockholder.

Columbia of Pennsylvania is under an agreement to sell, without recourse, substantially all of its trade receivables, as they originate, to CPRC, a wholly-owned subsidiary of Columbia of Pennsylvania. CPRC, in turn, is party to an agreement with BTMU under the terms of which it sells an undivided percentage ownership interest in its accounts receivable to a commercial paper conduit sponsored by BTMU. The maximum seasonal program limit under the terms of the agreement is $75 million . The agreement with BTMU was renewed on March 11, 2014, having a current scheduled termination date of March 10, 2015 , and can be further renewed if mutually agreed to by both parties. As of March 31, 2014 , $75.0 million of accounts receivable had been transferred by CPRC. CPRC is a separate corporate entity from NiSource and Columbia of Pennsylvania, with its own separate obligations, and upon a liquidation of CPRC, CPRC's obligations must be satisfied out of CPRC's assets prior to any value becoming available to CPRC's stockholder.

The following table reflects the gross and net receivables transferred as well as short-term borrowings related to the securitization transactions as of March 31, 2014 and December 31, 2013 for Columbia of Ohio, NIPSCO and Columbia of Pennsylvania:

(in millions)	**March 31, 2014**	December 31, 2013
Gross Receivables	$ **811.7**	$ 610.9
Less: Receivables not transferred	**296.7**	345.8
Net receivables transferred	$ **515.0**	$ 265.1
Short-term debt due to asset securitization	$ **515.0**	$ 265.1

Columbia of Ohio, NIPSCO and Columbia of Pennsylvania remain responsible for collecting on the receivables securitized and the receivables cannot be sold to another party.

11. Goodwill

NiSource considered whether there were any events or changes in circumstances subsequent to the annual test that would reduce the fair value of any of the reporting units below their carrying amounts and necessitate another goodwill impairment test. No such indicators were noted that would require a subsequent goodwill impairment testing during the first quarter of 2014.

During the first quarter of 2013, as part of the sale of the service plan and leasing business lines of its Retail Services business, NiSource allocated $10.0 million of goodwill from Columbia Distribution Operations to the sale and allocated $ 1.0 million of goodwill from NIPSCO Gas Distribution Operations to the sale. Refer to Note 5 "Discontinued Operations and Assets and Liabilities Held for Sale" for more information.

12. Income Taxes

NiSource's interim effective tax rates reflect the estimated annual effective tax rates for 2014 and 2013 , adjusted for tax expense associated with certain discrete items. The effective tax rates for the three months ended March 31, 2014 and 2013 were 37.9% and 35.4% , respectively. These effective tax rates differ from the Federal tax rate of 35% primarily due to the effects of tax credits, state income taxes, utility rate-making, and other permanent book-to-tax differences. The 2.5% increase from 2013 to 2014 is primarily due to the impact of the Indiana rate change, see below for further information.

On March 25, 2014, the governor of Indiana signed into law Senate Bill 1, which among other things, lowers the corporate income tax rate from 6.5% to 4.9% over six years beginning on July 1, 2015. The reduction in the tax rate will impact deferred income taxes and tax related regulatory assets and liabilities recoverable in the rate-making process. In addition, other deferred tax assets and liabilities, primarily deferred tax assets related to the Indiana net operating loss carry forward, will be reduced to reflect the lower rate at which these temporary differences and tax benefits will be realized. In the first quarter of 2014, NiSource recorded tax expense of $7.1 million to reflect the effect of this rate change. This expense is largely attributable to the remeasurement of the Indiana net operating loss at the 4.9% rate. The majority of NiSource's tax temporary differences are related to NIPSCO's utility plant. The remeasurement of these temporary differences at 4.9% was recorded as a reduction of a regulatory asset.

On March 7, 2013, the Congressional Joint Committee on Taxation took no exception to the conclusions reached by the IRS in its 2008-2010 audit examination. Therefore, in the first quarter of 2013, NiSource recognized a federal income tax receivable of $15.9 million that was related to the 2008 and 2009 tax years and increases in net operating loss carryforwards of $0.6 million that was related to uncertain tax positions in the 2010-2012 tax years. NiSource received payments of $75.1 million in March 2013 and $70.6 million in April 2013 of principal and interest from the IRS related to the audit examination. The recognition of the receivables and net operating loss carryforwards did not materially affect tax expense or net income.

On January 2, 2013, the President signed into law the American Taxpayer Relief Act of 2012 ("ATRA"). ATRA, among other things, extended retroactively the research credit under Internal Revenue Code section 41 until December 31, 2013, and also extended and modified 50% bonus depreciation for 2013. In general, 50% bonus depreciation will be available for property placed in service before January 1, 2014, or in the case of certain property having longer production periods, before January 1, 2015. NiSource recorded the effects of ATRA in the first quarter of 2013. The retroactive extension of the research credit did not have a significant effect on net income.

There were no material changes recorded in the first quarter of 2014 to NiSource's uncertain tax positions as of December 31, 2013 .

13. Pension and Other Postretirement Benefits

NiSource provides defined contribution plans and noncontributory defined benefit retirement plans that cover its employees. Benefits under the defined benefit retirement plans reflect the employees' compensation, years of service and age at retirement. Additionally, NiSource provides health care and life insurance benefits for certain retired employees. The majority of employees may become eligible for these benefits if they reach retirement age while working for NiSource. The expected cost of such benefits is accrued during the employees' years of service. Current rates of rate-regulated companies include postretirement benefit costs, including amortization of the regulatory assets that arose prior to inclusion of these costs in rates. For most plans, cash contributions are remitted to grantor trusts.

For the three months ended March 31, 2014 , NiSource has contributed $0.7 million to its pension plans and $9.2 million to its other postretirement benefit plans.

The following table provides the components of the plans' net periodic benefits cost for the three months ended March 31, 2014 and 2013 :

	Pension Benefits		Other Postretirement Benefits	
Three Months Ended March 31, *(in millions)*	**2014**	2013	**2014**	2013
Components of Net Periodic Benefit Cost				
Service cost	**$ 8.7**	$ 9.4	**$ 2.3**	$ 3.0
Interest cost	**27.3**	24.3	**8.2**	8.1
Expected return on assets	**(45.3)**	(42.4)	**(9.1)**	(7.6)
Amortization of transition obligation	**—**	—	**—**	0.1
Amortization of prior service cost (credit)	**—**	0.1	**(0.6)**	(0.2)
Recognized actuarial loss	**11.9**	20.7	**—**	2.8
Settlement loss	**—**	20.7	**—**	—
Total Net Periodic Benefit Costs	**$ 2.6**	$ 32.8	**$ 0.8**	$ 6.2

In 2013, NiSource pension plans had lump sum payouts exceeding the plan's 2013 service cost plus interest cost and, therefore, settlement accounting was required.

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

14. Variable Interests and Variable Interest Entities

In general, a VIE is an entity that (1) has an insufficient amount of at-risk equity to permit the entity to finance its activities without additional financial subordinated support provided by any parties, (2) whose at-risk equity owners, as a group, do not have power, through voting rights or similar rights, to direct activities of the entity that most significantly impact the entity's economic performance or (3) whose at-risk owners do not absorb the entity's losses or receive the entity's residual return. A VIE is required to be consolidated by a company if that company is determined to be the primary beneficiary of the VIE.

NiSource consolidates those VIEs for which it is the primary beneficiary. NiSource considers quantitative and qualitative elements in determining the primary beneficiary. Qualitative measures include the ability to control an entity and the obligation to absorb losses or the right to receive benefits.

NiSource's analysis includes an assessment of guarantees, operating leases, purchase agreements, and other contracts, as well as its investments and joint ventures. For items that have been identified as variable interests, or where there is involvement with an identified VIE, an in-depth review of the relationship between the relevant entities and NiSource is made to evaluate qualitative and quantitative factors to determine the primary beneficiary, if any, and whether additional disclosures would be required under the current standard.

NIPSCO has a service agreement with Pure Air, a general partnership between Air Products and Chemicals, Inc. and First Air Partners LP, under which Pure Air provides scrubber services to reduce sulfur dioxide emissions for Units 7 and 8 at the Bailly Generating Station. NiSource has made an exhaustive effort to obtain information needed from Pure Air to determine the status of Pure Air as a VIE. However, NIPSCO has not been able to obtain this information and as a result, it is unclear whether Pure Air is a VIE and if NIPSCO is the primary beneficiary. NIPSCO will continue to request the information required to determine whether Pure Air is a VIE. NIPSCO has no exposure to loss related to the service agreement with Pure Air and payments under this agreement were $5.4 million and $5.6 million for the three months ended March 31, 2014 and 2013 , respectively.

15. Short-Term Borrowings

On September 30, 2013, NiSource Finance amended its existing revolving credit facility with a syndicate of banks led by Barclays Capital to expand capacity to $2.0 billion and extend the termination date to September 28, 2018 . The purpose of the facility is to fund ongoing working capital requirements including the provision of liquidity support for NiSource's $1.5 billion commercial paper program, provide for issuance of letters of credit, and also for general corporate purposes. At March 31, 2014 , NiSource had no outstanding borrowings under this facility.

NiSource Finance's commercial paper program has a program limit of up to $1.5 billion with a dealer group comprised of Barclays, Citigroup, Credit Suisse, RBS and Wells Fargo. Commercial paper issuances are supported by available capacity under NiSource's $2.0 billion unsecured revolving credit facility. At March 31, 2014 , NiSource had $297.5 million of commercial paper outstanding.

As of March 31, 2014 , NiSource had $30.5 million of stand-by letters of credit outstanding of which $14.3 million were under the revolving credit facility. At December 31, 2013 , NiSource had $31.6 million of stand-by letters of credit outstanding of which $ 14.3 million were under the revolving credit facility.

Transfers of accounts receivable are accounted for as secured borrowings resulting in the recognition of short-term debt on the Condensed Consolidated Balance Sheets (unaudited) in the amount of $515.0 million and $265.1 million as of March 31, 2014 and December 31, 2013 , respectively. Refer to Note 10, "Transfers of Financial Assets," for additional information.

(in millions)		**March 31, 2014**		December 31, 2013
Commercial Paper weighted average interest rate of 0.55% and 0.70% at March 31, 2014 and December 31, 2013, respectively.	**$**	**297.5**	$	433.6
Accounts receivable securitization facility borrowings		**515.0**		265.1
Total short-term borrowings	**$**	**812.5**	$	698.7

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

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

16. Share-Based Compensation

The stockholders approved and adopted the NiSource Inc. 2010 Omnibus Incentive Plan (the "Omnibus Plan"), at the Annual Meeting of Stockholders held on May 11, 2010. The Omnibus Plan provides for awards to employees and non-employee directors of incentive and nonqualified stock options, stock appreciation rights, restricted stock and restricted stock units, performance shares, performance units, cash-based awards and other stock-based awards. The Omnibus Plan provides that the number of shares of common stock of NiSource available for awards is 8,000,000 plus the number of shares subject to outstanding awards granted under either the 1994 Plan or the Director Plan (described below) that expire or terminate for any reason. No further awards are permitted to be granted under the 1994 Plan or the Director Plan. At March 31, 2014 , there were 6,162,981 shares reserved for future awards under the Omnibus Plan.

Prior to May 11, 2010, NiSource issued long-term equity incentive grants to key management employees under a long-term incentive plan approved by stockholders on April 13, 1994 ("1994 Plan"). The types of equity awards previously authorized under the 1994 Plan did not significantly differ from those permitted under the Omnibus Plan.

NiSource recognized stock-based employee compensation expense of $5.3 million and $4.2 million for the three months ended March 31, 2014 and 2013 , respectively, as well as related tax benefits of $2.0 million and $1.5 million , respectively.

As of March 31, 2014 , the total remaining unrecognized compensation cost related to nonvested awards amounted to $31.8 million , which will be amortized over the weighted-average remaining requisite service period of 2.3 years .

Stock Options. As of March 31, 2014 , approximately 0.2 million options were outstanding and exercisable with a weighted average strike price of $22.62 . No options were granted during the three months ended March 31, 2014 and 2013 . As of March 31, 2014 , the aggregate intrinsic value for the options outstanding and exercisable was $3.1 million . During the three months ended March 31, 2014 and 2013 , cash received from the exercise of options was $3.9 million and $13.1 million , respectively.

Restricted Stock Units and Restricted Stock. During the three months ended March 31, 2014 , NiSource granted 67,594 restricted stock units shares of restricted stock, subject to service conditions. The total grant date fair value of restricted stock units and shares of restricted stock $2.1 million , based on the average market price of NiSource's common stock at the date of each grant less the present value of any dividends not received during the vesting period, which will be expensed, net of forfeitures, over the vesting period which is generally three years. If the employee terminates employment before the service conditions lapse due to (1) Retirement or Disability (as defined in the award agreement), or (2) death, the employment conditions will lapse with respect to a pro rata portion of the shares of restricted stock and restricted stock units on the date of termination. In the event of a Change-in-Control (as defined in the award agreement), all unvested shares of restricted stock and restricted stock units granted during the three months ended March 31, 2014 will vest upon termination of employment in connection with a Change-in-Control. Termination due to any other reason will result in all unvested shares of restricted stock and restricted stock units awarded being forfeited effective on the employee's date of termination. As of March 31, 2014 , 324,585 nonvested (all of which are expected to vest) restricted stock units and shares of restricted stock were granted and outstanding.

Performance Shares. During the three months ended March 31, 2014 , NiSource granted 525,173 performance shares subject to service and performance conditions. The grant date fair value of the awards was $16.3 million , based on the average market price of NiSource's common stock at the date of each grant less the present value of dividends not received during the vesting period which will be expensed, net of forfeitures, over the three year requisite service period. The performance conditions are based on achievement of cumulative net operating earnings per share, a non-GAAP financial measure that NiSource defines as income from continuing operations adjusted for certain items; and relative total shareholder return, a non-GAAP market measure that NiSource defines as the annualized growth in the dividends and share price of a share of NiSource's common stock (calculated using a 20 trading day average of NiSource's closing price, over a period beginning December 31, 2013 and ending on December 31, 2016) compared to the total shareholder return performance of a predetermined peer group of companies. The service conditions lapse on February 28, 2017 when the shares vest provided the performance criteria are satisfied. In general, if the employee terminates employment before February 28, 2017 due to (1) Retirement or Disability (as defined in the award agreement), or (2) death, the employment conditions will lapse with respect to a pro rata portion of the performance shares payable at target on the date of termination provided the performance criteria are met. In the event of a Change-in-Control (as defined in the award agreement), all unvested performance shares will immediately vest. Termination due to any other reason will result in all performance shares awarded being forfeited effective on the employee's date of termination. As of March 31, 2014 , 1,878,558 nonvested performance shares were granted and outstanding.

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

Non-employee Director Awards. As of May 11, 2010, awards to non-employee directors may be made only under the Omnibus Plan. Currently, restricted stock units are granted annually to non-employee directors, subject to a non-employee director's election to defer receipt of such restricted stock unit award. The non-employee director's restricted stock units vest on the last day of the non-employee director's annual term corresponding to the year the restricted stock units were awarded subject to special pro-rata vesting rules in the event of Retirement or Disability (as defined in the award agreement), or death. The vested restricted stock units are payable as soon as practicable following vesting except as otherwise provided pursuant to the non-employee director's election to defer. As of March 31, 2014 , 144,578 restricted stock units were outstanding to non-employee directors under the Omnibus Plan.

Only restricted stock units remain outstanding under the prior plan for non-employee directors, the Amended and Restated Non-employee Director Stock Incentive Plan (the "Director Plan"). All such awards are fully vested and shall be distributed to the directors upon their separation from the Board. As of March 31, 2014 , 147,845 restricted stock units remained outstanding under the Director Plan and as noted above no further shares may be awarded under the Director Plan.

401(k) Match, Profit Sharing and Company Contribution. NiSource has a voluntary 401(k) savings plan covering eligible employees that allows for periodic discretionary matches as a percentage of each participant's contributions payable in shares of common stock. NiSource also has a retirement savings plan that provides for discretionary profit sharing contributions payable in shares of common stock to eligible employees based on earnings results; and eligible exempt employees hired after January 1, 2010, receive a non-elective company contribution of three percent of eligible pay payable in shares of common stock. For the quarters ended March 31, 2014 and 2013 , NiSource recognized 401(k) match, profit sharing and non-elective contribution expense of $8.5 million and $6.4 million , respectively.

17. Other Commitments and Contingencies

A. Guarantees and Indemnities. As a part of normal business, NiSource and certain subsidiaries enter into various agreements providing financial or performance assurance to third parties on behalf of certain subsidiaries. Such agreements include guarantees and stand-by letters of credit. These agreements are entered into primarily to support or enhance the creditworthiness otherwise attributed to a subsidiary on a stand-alone basis, thereby facilitating the extension of sufficient credit to accomplish the subsidiaries' intended commercial purposes. The total guarantees and indemnities in existence at March 31, 2014 and the years in which they expire were:

(in millions)	Total	2014	2015	2016	2017	2018	After
Guarantees of subsidiaries debt	$ 7,710.5	$ 500.0	$ 230.0	$ 616.5	$ 507.0	$ 800.0	$ 5,057.0
Accounts receivable securitization	515.0	515.0	—	—	—	—	—
Lines of credit	297.5	297.5	—	—	—	—	—
Letters of credit	30.5	12.6	17.9	—	—	—	—
Other guarantees	142.4	45.4	35.3	—	—	—	61.7
Total commercial commitments	$ 8,695.9	$ 1,370.5	$ 283.2	$ 616.5	$ 507.0	$ 800.0	$ 5,118.7

Guarantees of Subsidiaries Debt. NiSource has guaranteed the payment of $7.7 billion of debt for various wholly-owned subsidiaries including NiSource Finance and Columbia of Massachusetts, and through a support agreement, Capital Markets, which is reflected on NiSource's Condensed Consolidated Balance Sheets (unaudited). The subsidiaries are required to comply with certain covenants under the debt indenture and in the event of default, NiSource would be obligated to pay the debt's principal and related interest. NiSource does not anticipate its subsidiaries will have any difficulty maintaining compliance. On October 3, 2011, NiSource executed a Second Supplemental Indenture to the original Columbia of Massachusetts Indenture dated April 1, 1991, for the specific purpose of guaranteeing Columbia of Massachusetts' outstanding medium-term notes.

Lines and Letters of Credit and Accounts Receivable Advances. On September 30, 2013, NiSource Finance amended its existing revolving credit facility with a syndicate of banks led by Barclays Capital to expand capacity to $2.0 billion and extend the termination date to September 28, 2018 . The purpose of the facility is to fund ongoing working capital requirements including the provision of liquidity support for NiSource's $1.5 billion commercial paper program, provide for the issuance of letters of credit, and also for general corporate purposes. At March 31, 2014 , NiSource had no borrowings under its five-year revolving credit facility, $297.5 million in commercial paper outstanding and $515.0 million outstanding under its accounts receivable securitization

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

agreements. At March 31, 2014 , NiSource issued stand-by letters of credit of approximately $30.5 million for the benefit of third parties. See Note 15, "Short-Term Borrowings," for additional information.

Other Guarantees or Obligations. NiSource has additional purchase and sales agreement guarantees totaling $73.5 million , which guarantee performance of the seller's covenants, agreements, obligations, liabilities, representations and warranties under the agreements. No amounts related to the purchase and sales agreement guarantees are reflected in the Condensed Consolidated Balance Sheets (unaudited). Management believes that the likelihood NiSource would be required to perform or otherwise incur any significant losses associated with any of the aforementioned guarantees is remote.

NiSource has on deposit a letter of credit with Union Bank, N.A., Collateral Agent, in a debt service reserve account in association with Millennium's notes as required under the Deposit and Disbursement Agreement that governs the Millennium notes. This account is to be drawn upon by the note holders in the event that Millennium is delinquent on its principal and interest payments. The value of NiSource's letter of credit represents 47.5% (NiSource's ownership percentage in Millennium) of the debt service reserve account requirement, or $16.2 million . The total exposure for NiSource is $16.2 million . NiSource has an accrued liability of $1.5 million related to the inception date fair value of this guarantee as of March 31, 2014 .

NiSource has issued other guarantees supporting derivative related payments associated with interest rate swap agreements issued by NiSource Finance, operating leases for many of its subsidiaries and for other agreements entered into by its current and former subsidiaries.

B. Other Legal Proceedings. In the normal course of its business, NiSource and its subsidiaries have been named as defendants in various legal proceedings. In the opinion of management, the ultimate disposition of these currently asserted claims will not have a material impact on NiSource's consolidated financial statements.

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

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

As of March 31, 2014 and December 31, 2013 , NiSource had recorded an accrual of approximately $135.1 million and $143.9 million , respectively, to cover environmental remediation at various sites. The current portion of this accrual is included in "Legal and environmental" in the Condensed Consolidated Balance Sheets (unaudited). The noncurrent portion is included in "Other noncurrent liabilities" in the Condensed Consolidated Balance Sheets (unaudited). NiSource accrues for costs associated with environmental remediation obligations when the incurrence of such costs is probable and the amounts can be reasonably estimated. The original estimates for cleanup can differ materially from the amount ultimately expended. The actual future expenditures depend on many factors, including currently enacted laws and regulations, the nature and extent of contamination, the method of cleanup, and the availability of cost recovery from customers. These expenditures are not currently estimable at some sites. NiSource periodically adjusts its accrual as information is collected and estimates become more refined.

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

Climate Change . Future legislative and regulatory programs could significantly restrict emissions of GHGs or could impose a cost or tax on GHG emissions.

In the first quarter of 2012, the EPA proposed an output-based carbon standard for new power plants. On September 20, 2013, the EPA announced withdrawal of the proposed standard and released a new proposal. The newly proposed standard would, for the first time, set national limits on the amount of carbon emissions allowed from new power plants. Compliance for new coal-fired plants may need to include capture and sequestration of carbon dioxide at coal-fired power plants. In addition, the EPA stated that it intends to regulate existing sources with a proposed rule in 2014.

If the EPA develops a GHG new source performance standard for existing units or if a federal or state comprehensive climate change bill were to be enacted into law, the impact on NiSource's financial performance would depend on a number of factors, including the overall level of required GHG reductions, the degree to which offsets may be used for compliance, and the amount of recovery allowed from customers. Comprehensive federal or state GHG regulation could result in additional expense or compliance costs that may not be fully recoverable from customers and could materially impact NiSource's financial results.

National Ambient Air Quality Standards . The CAA requires the EPA to set national air quality standards (the NAAQS) for particulate matter and five other pollutants considered harmful to public health and the environment. Periodically the EPA imposes new or modifies existing NAAQS. States that contain areas that do not meet the new or revised standards must take steps to maintain or achieve compliance with the standards. These steps could include additional pollution controls on boilers, engines, turbines, and other facilities owned by electric generation, gas distribution, and gas transmission operations.

The following NAAQS were recently added or modified:

Particulate Matter: In December 2009, the EPA issued area designations for the 2006 24-hour $PM_{2.5}$ standard, and several counties in which NiSource operates were designated as non-attainment. In addition, a final rule was promulgated in December 2012 that lowered the annual $PM_{2.5}$ standard from 15 to 12 $\mu g/m^3$. NiSource will continue to monitor these matters and cannot estimate their impact at this time.

Ozone (eight hour): On September 2, 2011, the EPA announced it would implement its 2008 eight-hour ozone NAAQS rather than tightening the standard in 2012. The EPA will review, and possibly propose a new standard in 2014. In addition, the EPA has designated the Chicago metropolitan area, including the area in which NIPSCO operates one of its electric generation facilities, as non-attainment for ozone. NiSource will continue to monitor this matter and cannot estimate the impact of any new rules at this time.

Nitrogen Dioxide (NO_2): The EPA revised the NO_2 NAAQS by adding a one-hour standard while retaining the annual standard. The new standard could impact some NiSource combustion sources. The EPA designated all areas of the country as unclassifiable/attainment in January 2012. After the establishment of a new monitoring network and possible modeling implementation, areas will potentially be re-designated sometime in 2016. States with areas that do not meet the standard will be required to develop rules to bring areas into compliance within five years of designation. Additionally, under certain permitting circumstances emissions from some existing NiSource combustion sources m[illegible]ed to be assessed and mitigated. NiSource will continue to monitor this matter and cannot estimate the impact of these rules at this time.

Waste

NiSource subsidiaries are potentially responsible parties at waste disposal sites under the CERCLA (commonly known as Superfund) and similar state laws. Additionally, 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 67 such sites where liability is probable. Remedial actions at many of these sites are being overseen by state or federal environmental agencies through consent agreements or voluntary remediation agreements.

NiSource utilizes a probabilistic model to estimate its future remediation costs related to its MGP sites. The model was prepared with the assistance of a third party and incorporates NiSource and general industry experience with remediating MGP sites. NiSource completes an annual refresh of the model in the second quarter of each fiscal year. No material changes to the estimated liability were noted as a result of the refresh completed as of June 30, 2013. The total estimated liability at NiSource related to the facilities subject to remediation was $123.2 million and $129.5 million at March 31, 2014 and December 31, 2013 , respectively. The liability represents NiSource's best estimate of the probable cost to remediate the facilities. NiSource believes that it is reasonably possible that remediation costs could vary by as much as $25 million in addition to the costs noted above. Remediation costs are estimated based on the best available information, applicable remediation standards at the balance sheet date, and experience with similar facilities.

Additional Issues Related to Individual Business Segments

The sections below describe various regulatory actions that affect Columbia Pipeline Group Operations and Electric Operations.

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

Columbia Pipeline Group Operations.

Waste

Columbia Transmission continues to conduct characterization and remediation activities at specific sites under a 1995 AOC (subsequently modified in 1996 and 2007). NiSource utilizes a probabilistic model to estimate its future remediation costs related to the 1995 AOC. The model was prepared with the assistance of a third party and incorporates NiSource and general industry experience with remediating sites. NiSource completes an annual refresh of the model in the second quarter of each fiscal year. No material changes to the liability were noted as a result of the refresh completed as of June 30, 2013. The total remaining liability at Columbia Transmission related to the facilities subject to remediation was $6.4 million and $8.7 million at March 31, 2014 and December 31, 2013 , respectively. The liability represents Columbia Transmission's best estimate of the cost to remediate the facilities or manage the sites. Remediation costs are estimated based on the information available, applicable remediation standards, and experience with similar facilities. Columbia Transmission expects that the remediation for these facilities will be substantially completed in 2015.

Electric Operations.

Air

NIPSCO is subject to a number of new air-quality mandates in the next several years. These mandates require NIPSCO to make capital improvements to its electric generating stations. The cost of capital improvements is estimated to be $860 million , of which approximately $240.0 million remains to be spent. This figure includes additional capital improvements associated with the New Source Review Consent Decree and the Utility Mercury and Air Toxics Standards Rule. NIPSCO believes that the capital costs will likely be recoverable from ratepayers.

EPA Cross-State Air Pollution Rule / Clean Air Interstate Rule (CAIR) / Transport Rule: On July 6, 2011, the EPA announced its replacement for the 2005 CAIR to reduce the interstate transport of fine particulate matter and ozone. The CSAPR reduces overall emissions of SO_2 and NO_x by setting state-wide caps on power plant emissions. The CSAPR limits emissions, including NIPSCO's, and restricted emission allowance trading programs were scheduled to begin in 2012. In a decision issued on August 21, 2012 the D.C. Circuit Court vacated the CSAPR leaving the CAIR trading program provisions and requirements in place. The EPA subsequently petitioned for a writ of certiorari, and the United States Supreme Court granted this writ. Oral arguments were held on December 10, 2013, and a decision is expected in 2014. These developments do not significantly impact NIPSCO's current emissions control plans. NIPSCO utilizes the inventory model in accounting for emission allowances issued under the CAIR program whereby these allowances were recognized at zero cost upon receipt from the EPA. NIPSCO believes its current multi-pollutant compliance plan and New Source Review Consent Decree capital investments will allow NIPSCO to meet the emission requirements of CAIR, while a replacement for CSAPR is developed to address the court's decision.

Utility Mercury and Air Toxics Standards Rule: On December 16, 2011, the EPA finalized the MATS rule establishing new emissions limits for mercury and other air toxics. Compliance for NIPSCO's affected units is required by April 2016. NIPSCO is implementing an IURC-approved plan for environmental controls to comply with MATS.

New Source Review: On September 29, 2004, the EPA issued an NOV to NIPSCO for alleged violations of the CAA and the Indiana SIP. The NOV alleged that modifications were made to certain boiler units at three of NIPSCO's generating stations between the years 1985 and 1995 without obtaining appropriate air permits for the modifications. NIPSCO, the EPA, the Department of Justice, and IDEM have settled the matter through a consent decree, entered on July 22, 2011.

Water

The Phase II Rule of the Clean Water Act Section 316(b), which requires all large existing steam electric generating stations to meet certain performance standards to reduce the effects on aquatic organisms at their cooling water intake structures, became effective on September 7, 2004. Under this rule, stations will either have to demonstrate that the performance of their existing fish protection systems meet the new standards or develop new systems, such as a closed-cycle cooling tower. Various court challenges and EPA responses ensued. A final rule is expected to be issued in May 2014. NIPSCO will continue to monitor this matter but cannot estimate the cost of compliance at this time.

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

On June 7, 2013, the EPA published a proposed rule to amend the effluent limitations guidelines and standards for the Steam Electric Power Generating category. These proposed regulations could impose new water treatment requirements on NIPSCO's electric generating facilities. NIPSCO will continue to monitor developments in this matter and cannot estimate the cost of compliance at this time.

Waste
On June 21, 2010, the EPA published a proposed rule for regulation of CCRs. The proposal outlines multiple regulatory approaches that the EPA is considering. These proposed regulations could negatively affect NIPSCO's ongoing byproduct reuse programs and would impose additional requirements on its management of coal combustion residuals. NIPSCO will continue to monitor developments in this matter and cannot estimate the cost of compliance at this time.

D. Other Matters. On November 23, 2012, while Columbia of Massachusetts was investigating the source of an odor of gas at a service location in Springfield, Massachusetts, a gas service line was pierced and an explosion occurred. While this explosion impacted multiple buildings and resulted in several injuries, no life threatening injuries or fatalities have been reported. Columbia of Massachusetts is fully cooperating with both the Massachusetts DPU and the Occupational Safety & Health Administration in their investigations of this incident. Columbia of Massachusetts believes any costs associated with damages, injuries, and other losses related to this incident are substantially covered by insurance. Any amounts not covered by insurance are not expected to have a material impact on NiSource's consolidated financial statements. In accordance with GAAP, NiSource recorded any accruals and the related insurance recoveries resulting from this incident on a gross basis within the Condensed Consolidated Balance Sheets (unaudited).

18. Accumulated Other Comprehensive Loss

The following tables display the components of Accumulated Other Comprehensive Loss for the three months ended March 31, 2014 and 2013 :

Three Months Ended March 31, 2014 *(in millions)*	Gains and Losses on Securities (1)	Gains and Losses on Cash Flow Hedges (1)	Pension and OPEB Items (1)	Accumulated Other Compreh[illegible] Loss[illegible]
Balance as of January 1, 2014	$ (0.3)	$ (25.8)	$ (17.5)	$ (43.6)
Other comprehensive income before reclassifications	0.5	0.1	—	0.6
Amounts reclassified from accumulated other comprehensive income	(0.2)	0.5	0.2	0.5
Net current-period other comprehensive income	0.3	0.6	0.2	1.1
Balance as of March 31, 2014	**$ —**	**$ (25.2)**	**$ (17.3)**	**$ (42.5)**

Three Months Ended March 31, 2013 (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, 2013	$ 2.6	$ (28.6)	$ (39.5)	$ (65.5)
Other comprehensive income before reclassifications	(0.1)	0.1	1.3	1.3
Amounts reclassified from accumulated other comprehensive income	(0.3)	0.8	1.4	1.9
Net current-period other comprehensive income	(0.4)	0.9	2.7	3.2
Balance as of March 31, 2013	**$ 2.2**	**$ (27.7)**	**$ (36.8)**	**$ (62.3)**

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

Equity Investment
As Millennium is an equity method investment, NiSource is required to recognize a proportional share of Millennium's OCI. The remaining unrecognized loss at March 31, 2014 of $17.4 million , net of tax, related to terminated interest rate swaps is being amortized over the period ending June 2025 into earnings using the effective interest method through interest expense as interest payments are made by Millennium. The unrecognized loss of $17.4 million and $17.7 million at March 31, 2014 and December 31, 2013 , respectively, is included in gains and losses on cash flow hedges above.

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

19. Business Segment Information

Operating segments are components of an enterprise for which separate financial information is available and evaluated regularly by the chief operating decision maker in deciding how to allocate resources and assess performance. NiSource's Chief Executive Officer is the chief operating decision maker.

At March 31, 2014 , NiSource's operations are divided into three primary business 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 Columbia Pipeline Group Operations segment offers gas transportation and storage services for LDCs, marketers and industrial and commercial customers located in northeastern, mid-Atlantic, midwestern and southern states along with unregulated businesses that include midstream services and development of mineral rights positions. The Electric Operations segment provides electric service in 20 counties in the northern part of Indiana.

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

(in millions)	Three Months Ended March 31, 2014	2013
REVENUES		
Gas Distribution Operations		
Unaffiliated	$ **1,565.4**	$ 1,144.9
Intersegment	**0.2**	0.2
Total	**1,565.6**	1,145.1
Columbia Pipeline Group Operations		
Unaffiliated	**303.2**	258.4
Intersegment	**42.4**	43.0
Total	**345.6**	301.4
Electric Operations		
Unaffiliated	**450.2**	377.4
Intersegment	**0.2**	0.2
Total	**450.4**	377.6
Corporate and Other		
Unaffiliated	**1.7**	1.5
Intersegment	**126.8**	121.7
Total	**128.5**	123.2
Eliminations	**(169.6)**	(165.1)
Consolidated Gross Revenues	$ **2,320.5**	$ 1,782.2
Operating Income (Loss)		
Gas Distribution Operations	$ **301.8**	$ 234.1
Columbia Pipeline Group Operations	**158.9**	133.5
Electric Operations	**78.9**	65.2
Corporate and Other	**(5.9)**	(3.9)
Consolidated Operating Income	$ **533.7**	$ 428.9

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

20. Supplemental Cash Flow Information

The following table provides additional information regarding NiSource's Condensed Statements of Consolidated Cash Flows (unaudited) for the three months ended March 31, 2014 and 2013 :

	Three Months Ended March 31,	
(in millions)	**2014**	2013
Supplemental Disclosures of Cash Flow Information		
Non-cash transactions:		
Capital expenditures included in current liabilities	**$ 131.4**	$ 114.3
Assets acquired under a capital lease	**51.6**	2.1
Schedule of interest and income taxes paid:		
Cash paid for interest, net of interest capitalized amounts	**$ 167.7**	$ 161.8
Cash paid for income taxes	**6.8**	2.9

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

NiSource Inc.

regarding forward-looking statements

The Management's Discussion and Analysis, including statements regarding market risk sensitive instruments, contains "forward-looking statements," within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Investors and prospective investors should understand that many factors govern whether any forward-looking statement contained herein will be or can be realized. Any one of those factors could cause actual results to differ materially from those projected. These forward-looking statements include, but are not limited to, statements concerning NiSource's plans, objectives, expected performance, expenditures and 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. From time to time, NiSource may publish or otherwise make available forward-looking statements of this nature. All such subsequent forward-looking statements, whether written or oral and whether made by or on behalf of NiSource, are also expressly qualified by these cautionary statements. All forward-looking statements are based on assumptions that management believes to be reasonable; however, there can be no assurance that actual results will not differ materially.

Realization of NiSource's objectives and expected performance is subject to a wide range of risks and can be adversely affected by, among other things, weather, fluctuations in supply and demand for energy commodities, growth opportunities for NiSource's businesses, increased competition in deregulated energy markets, the success of regulatory and commercial initiatives, dealings with third parties over whom NiSource has no control, actual operating experience of NiSource's assets, the regulatory process, regulatory and legislative changes, the impact of potential new environmental laws or regulations, the results of material litigation, changes in pension funding requirements, changes in general economic, capital and commodity market conditions, counterparty credit risk, and the matters set forth in the "Risk Factors" section of NiSource's 2013 Form 10-K, many of which are beyond the control of NiSource. In addition, the relative contributions to profitability by each segment, and the assumptions underlying the forward-looking statements relating thereto, may change over time. NiSource expressly disclaims a duty to update any of the forward-looking statements contained in this report.

The following Management's Discussion and Analysis of Financial Conditions and Results of Operations should be read in conjunction with NiSource's Annual Report on Form 10-K for the fiscal year ended December 31, 2013 .

CONSOLIDATED REVIEW

cutive Summary

NiSource (the "Company") is an energy holding company under the Public Utility Holding Company Act of 2005 whose subsidiaries are engaged in the transmission, storage and distribution of natural gas in the high-demand energy corridor stretching from the Gulf Coast through the Midwest to New England and the generation, transmission and distribution of electricity in Indiana. NiSource generates virtually 100% of its operating income through these rate-regulated businesses. A significant portion of NiSource's operations is subject to seasonal fluctuations in sales. During the heating season, which is primarily from November through March, net revenues from gas sales are more significant, and during the cooling season, which is primarily from June through September, net revenues from electric sales and transportation services are more significant, than in other months.

For the three months ended March 31, 2014 , NiSource reported income from continuing operations of $266.4 million , or $0.85 per basic share, compared to $216.0 million , or $0.69 per basic share reported for the same period in 2013.

The increase in income from continuing operations was due primarily to the following items:

- Regulatory and service programs at Gas Distributions Operations increased net revenues by $40.1 million primarily due to the impacts of the rate settlement in 2013 at Columbia of Pennsylvania and the implementation of rates under Columbia of Ohio's approved infrastructure replacement program. Refer to Note 8, "Regulatory Matters," to the Consolidated Financial Statements included in NiSource's Annual Report on Form 10-K for the fiscal year ended December 31, 2013 for more information.

- Colder weather in 2014 resulted in an increase in income from continuing operations of $25.4 million compared to the prior year. Weather statistics are provided in the Gas Distribution Operations' segment discussion.

- The recognition of previously deferred gains of $17.5 million from the conveyances of mineral interests at Columbia Pipeline Group Operations.

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

NiSource Inc.

These increases to income from continuing operations were partially offset by the following:

- Employee and administrative expense increased by $15.5 million due primarily to the timing of outages and maintenance, greater labor expense due to a growing workforce and reduced payroll capitalization, and IT support and enhancement projects.

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

Platform for Growth
NiSource's business plan will continue to center on commercial and regulatory initiatives; commercial growth and expansion of the gas transmission and storage business; financial management of the balance sheet; and cost and process excellence.

Commercial and Regulatory Initiatives
NiSource is moving forward on regulatory initiatives across several distribution company markets. Whether through full rate case filings or other approaches, NiSource's goal is to develop strategies that benefit all stakeholders as it addresses changing customer conservation patterns, develops more contemporary pricing structures, and embarks on long-term investment programs to enhance its infrastructure.

NIPSCO continued to focus on customer service, reliability and long-term growth and modernization initiatives during the first quarter, while executing on significant environmental investments.

- Two remaining FGD projects at NIPSCO's coal-fired electric generating facilities remain on schedule and on budget. The FGD investments are part of approximately $860 million in environmental investments, including water quality and emission-control projects, recently completed and planned at NIPSCO's electric generating facilities. One project is expected to be completed by the end of 2014 and the other by the end of 2015.

- NIPSCO also has initiated the first year of investments under the company's electric system modernization program, referred to as TDSIC, approved in February 2014 by the IURC. The $1.1 billion, seven-year program, provides for the replacement and upgrade of underground circuits, transformers and poles, helping increase system reliability and deliver economic development benefits to the region. NIPSCO also has filed a complementary seven-year, $710 million natural gas modernization program, with a decision from the IURC expected by the second quarter of 2014.

- Progress also continued on two major NIPSCO electric transmission projects designed to enhance system flexibility and reliability. The Reynolds-Topeka project, a 100-mile, 345-kV line, remains on schedule with right-of-way acquisition in process. The Greentown-Reynolds project, a 66-mile, 765-kV line, is a joint project with Pioneer Transmission. Public outreach on the Greentown-Reynolds line continues, with the anticipated route selection, and subsequent right-of-way acquisition, beginning later this year. The projects involve a NIPSCO investment of approximately $500 million and are anticipated to be in service by the end of 2018.

NiSource's Gas Distribution companies continue to deliver strong results from their strategy of aligning long-term infrastructure replacement and enhancement programs with a variety of complementary customer programs and regulatory initiatives.

- On April 23, 2014, Columbia of Ohio received approval of its annual IRP and DSM rider request from the PUCO. The program supports the company's accelerated pipeline replacement program that began approximately six years ago. New rates are effective April 30, 2014.

- On February 28, 2014, the Massachusetts DPU issued an order on the Columbia of Massachusetts base rate case. The order provides for an annual revenue increase of approximately $19.3 million.

- On March 21, 2014, Columbia of Pennsylvania filed a rate case with the Pennsylvania PUC to support continuation of Columbia of Pennsylvania's ongoing infrastructure modernization program. If approved, the case would increase annual revenues by approximately $54.1 million. A decision is expected in the fourth quarter of 2014.

Refer to Note 7, "Regulatory Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for a complete discussion of regulatory and commercial matters.

Modernization, Commercial Growth and Expansion of the Columbia Pipeline Group Operations

Columbia Pipeline Group Operations continues to make progress on its long-term infrastructure modernization program, as well as a series of midstream and core growth initiatives tied to NiSource's asset position in the Utica and Marcellus Shale production regions.

- Columbia Transmission is on track with the second year of its long-term system modernization program. Under the program, Columbia Transmission will invest approximately $300 million annually in improvements to system reliability, safety and flexibility. Columbia Transmission and its customers have agreed to the initial five years of the comprehensive modernization program, with an opportunity to mutually extend the agreement. The overall program is expected to last 10 years or more and involves an aggregate investment in excess of $4 billion.

- NiSource Midstream will construct a field gathering system in Pennsylvania that will gather well pad production of primarily dry gas from a third party producer. Pipeline laterals will be built to connect well pads as drilling is developed. The $120 million investment will include approximately 25 miles miles of gathering pipelines of varying diameter, a compressor station and dehydration unit. The gas gathering agreement has an initial 15-year term with the option to extend. Construction is expected to begin in late 2014, with an in service date during the fourth quarter of 2015.

- Millennium completed a new approximately $40 million compressor facility in Delaware County, New York, which went into service in March 2014. NiSource owns a 47.5% interest in Millennium.

- Columbia Pipeline Group Operations also remains on track with the execution of significant new supply-driven and market-driven growth projects, including the previously announced Warren County, West Side Expansion, Giles County and Line 1570 projects. These projects, which will provide total additional pipeline capacity of approximately 900 MMcf per day, are scheduled to be in service by the end of 2014. The approximately $275 million East Side project remains on budget and on schedule for completion in the third quarter of 2015.

Financial Management of the Balance Sheet

On January 31, 2014, Moody's Investors Service upgraded the senior unsecured rating for NiSource to Baa2 from Baa3 and NiSource's commercial paper rating to P-2 from P-3. Additionally, the rating for NIPSCO was upgraded to Baa1 from Baa2.

Ethics and Controls

NiSource has had a long-term commitment to providing accurate and complete financial reporting as well as high standards for ethical behavior by its employees. NiSource's senior management takes an active role in the development of this Form 10-Q and the monitoring of the company's internal control structure and performance. In addition, NiSource will continue its mandatory ethics training program for all employees.

Refer to "Controls and Procedures" included in Item 4.

Results of Operations
Quarter Ended March 31, 2014

Net Income

NiSource reported net income of $266.2 million , or $0.85 per basic share, for the three months ended March 31, 2014 , compared to net income of $260.5 million , or $0.84 per basic share, for the first quarter of 2013 . Income from continuing operations was $266.4 million , or $0.85 per basic share, for the three months ended March 31, 2014 , compared to income from continuing operations of $216.0 million , or $0.69 per basic share, for the first quarter of 2013 . Operating income was $533.7 million , an increase of $104.8 million from the same period in 2013 . All per share amounts are basic earnings per share. Basic average shares of common stock outstanding at March 31, 2014 were 314.2 million compared to 311.1 million at March 31, 2013 .

Comparability of line item operating results between quarterly periods is impacted by regulatory and tax trackers that allow for the recovery in rates of certain costs such as bad debt expenses. Therefore, increases in these tracked operating expenses are offset by increases in net revenues and have essentially no impact on income from continuing operations.

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

NiSource Inc.

Net Revenues
Total consolidated net revenues (gross revenues less cost of sales) for the quarter ended March 31, 2014 , were $1,259.2 million , a $153.0 million increase from the same period last year. This increase in net revenues was primarily due to increased Gas Distribution Operations' net revenues of $91.3 million, higher Columbia Pipeline Group Operations' net revenues of $44.2 million and increased Electric Operations' net revenues of $17.3 million.

- Columbia Pipeline Group Operations' net revenues increased primarily due to higher regulatory trackers, which are offset in expense, of $24.5 million, increased demand and commodity revenue of $9.9 million as a result of growth projects placed in service and an increase in mineral rights royalty revenue of $7.1 million.

- Gas Distribution Operations' net revenues increased primarily due to an increase of $40.1 million for regulatory and service programs, including the impacts of the rate settlement in 2013 at Columbia of Pennsylvania and the implementation of rates under Columbia of Ohio's approved infrastructure replacement program, the effects of colder weather of $21.0 million, increased regulatory and tax trackers, which are offset in expense, of $16.3 million, higher residential and commercial usage of $5.9 million, an increase in off-system sales of $3.4 million, higher revenue of $3.0 million due to an increase in residential and commercial customers and an increase in large customer revenue of $2.2 million. These increases were partially offset by a decrease of $4.8 million resulting from NIPSCO's GCIM.

- Electric Operations' net revenues increased primarily due to an increase in off-system sales of $9.5 million, higher industrial usage of $8.6 million, an increase in the return on the environmental capital investment recovery of $8.1 million due to an increased plant balance eligible for recovery, and the effects of colder weather of $4.4 million. These increases were partially offset by a decrease in transmission upgrade revenue of $6.3 million, decreased trackers, which are offset in expense, of $5.1 million and lower residential and commercial usage of $2.2 million.

Operating Expenses
Operating expenses for the first quarter of 2014 were $735.3 million , an increase of $50.9 million from the 2013 period. This increase was primarily due to higher operation and maintenance expenses of $46.9 million, increased other taxes of $14.4 million and higher depreciation and amortization of $5.1 million. These increases were partially offset by an increase in the gain on sale of assets of $15.5 million. The increase in operation and maintenance expenses was primarily due to increased regulatory trackers, which are offset in net revenue, of $33.2 million and higher employee and administrative costs of $15.5 million. These increases were partially offset by a decrease in outside service costs of $5.1 million. The increase in other taxes is primarily due to higher property and other taxes of $8.4 million and increased tax trackers, which are offset in net revenue, of $6.0 million. The increase in depreciation and amortization is primarily due to higher capital expenditures placed in service. The increase in gain on sale of assets primarily relates to recognized gains of $17.5 million resulting from conveyances of mineral interests at Columbia Pipeline Group Operations.

Equity Earnings in Unconsolidated Affiliates
Equity Earnings in Unconsolidated Affiliates were $9.8 million during the first quarter of 2014 compared to $7.1 million for the first quarter of 2013 . Equity Earnings in Unconsolidated Affiliates includes investments in Millennium, Hardy Storage and Pennant, which are integral to the Columbia Pipeline Group Operations' business. Equity earnings increased primarily from increased earnings at Millennium.

Other Income (Deductions)
Other Income (Deductions) reduced income by $104.6 million in the first quarter of 2014 compared to a reduction in income of $94.5 million in the prior year. The increase in deductions is primarily due to an increase in interest expense of $10.5 million resulting from the issuance of $500.0 million of long-term debt in October 2013 and the issuance of $750.0 million of long-term debt in April 2013, partially offset by the maturity of $420.3 million of long-term debt in March 2013.

Income Taxes
Income tax expense for the quarter ended March 31, 2014 was $162.7 million compared to $118.4 million in the prior year. NiSource's interim effective tax rates reflect the estimated annual effective tax rates for 2014 and 2013, adjusted for tax expense associated with certain discrete items. The effective tax rates for the quarters ended March 31, 2014 and 2013 were 37.9% and 35.4% , respectively. These effective tax rates differ from the Federal tax rate of 35% primarily due to the effects of tax credits, state income taxes, utility rate-making, and other permanent book-to-tax differences. The 2.5% increase from 2013 to 2014 is primarily due to the impact of the Indiana rate change. Refer to N[illegible]2, "Income Taxes," in the Notes to Consolidated Financial Statements (unaudited) for further discussion of income taxes.

Discontinued Operations

There was a net loss of $0.2 million in the first quarter of 2014 from discontinued operations compared to net income of $8.1 million in the first quarter of 2013 . The net income in 2013 relates primarily to a settlement at NiSource's former exploration and production subsidiary, CER. A gain on the disposition of discontinued operations of $36.4 million was recorded in the first quarter of 2013 as a result of a gain on the sale of the service plan and leasing business lines of NiSource's Retail Services business.

Liquidity and Capital Resources

A significant portion of NiSource's operations, most notably in the gas distribution, gas transportation and electric businesses, are subject to seasonal fluctuations in cash flow. During the heating season, which is primarily from November through March, cash receipts from gas sales and transportation services typically exceed cash requirements. During the summer months, cash on hand, together with the seasonal increase in cash flows from the electric business during the summer cooling season and external short-term and long-term financing, is used to purchase gas to place in storage for heating season deliveries and perform necessary maintenance of facilities. NiSource believes that through income generated from operating activities, amounts available under its short-term revolver, commercial paper program and long-term debt agreements and NiSource's ability to access the capital markets, there is adequate capital available to fund its operating activities and capital expenditures in 2014 .

Operating Activities

Net cash from operating activities for the three months ended March 31, 2014 was $394.0 million , a decrease of $55.1 million compared to the three months ended March 31, 2013 . The decrease in net cash from operating activities was primarily attributable to an income tax refund received in 2013. No income tax refunds were received in 2014.

Pension and Other Postretirement Plan Funding. . NiSource expects to make contributions of approximately $38.3 million to its pension s and approximately $39.1 million to its other postretirement benefit plans in 2014 , which could change depending on market conditions. the three months ended March 31, 2014 . NiSource has contributed $0.7 million to its pension plans and $9.2 million to its other postretirement benefit plans.

Investing Activities

NiSource's capital expenditures for the three months ended March 31, 2014 were $386.3 million , compared to $369.3 million for the comparable period in 2013 . This increased spending is mainly due to continued spending on infrastructure replacement programs in the Gas Distributions Operations segment, higher spending in the Columbia Pipeline Group Operations segment for various growth projects primarily in the Marcellus and Utica Shale areas and for expenditures under its modernization program and increased expenditures in the Electric Operations segment due to TDSIC and other tracker program spend. NiSource projects 2014 capital expenditures to be approximately $2.2 billion .

Restricted cash was $10.9 million and $8.0 million as of March 31, 2014 and December 31, 2013 , respectively.

Contributions to equity investees increased $13.9 million due to higher contributions made by NiSource Midstream to Pennant. Refer to the Columbia Pipeline Group Operations segment discussion in the Management's Discussion and Analysis of Financial Conditions and Results of Operations for information on these contributions.

Financing Activities

Credit Facilities. On September 30, 2013, NiSource Finance amended its existing revolving credit facility with a syndicate of banks led by Barclays Capital to expand its borrowing capacity to $2.0 billion and extend the termination date to September 28, 2018. The purpose of the facility is to fund ongoing working capital requirements including the provision of liquidity support for NiSource's $1.5 billion commercial paper program, provide for issuance of letters of credit, and also for general corporate purposes.

NiSource Finance's commercial paper program has a program limit of up to $1.5 billion with a dealer group comprised of Barclays, Citigroup, Credit Suisse, RBS and Wells Fargo. Commercial paper issuances are supported by available capacity under NiSource's $2.0 billion unsecured revolving credit facility.

NiSource Finance had no borrowings outstanding under its revolving credit facility at March 31, 2014 and December 31, 2013 . In addition, ource Finance had $297.5 million in commercial paper outstanding at March 31, 2014 , at a weighted average interest rate of 0.55% and 33.6 million in commercial paper outstanding at December 31, 2013 , at a weighted average interest rate of 0.70% .

As of March 31, 2014 and December 31, 2013 , NiSource had $515.0 million and $265.1 million , respectively, of short-term borrowings recorded on the Condensed Consolidated Balance Sheets (unaudited) and cash from financing activities in the same amount relating to its accounts receivable securitization facilities. See Note 10, "Transfers of Financial Assets," to the Condensed Consolidated Financial Statements (unaudited).

As of March 31, 2014 , NiSource had $30.5 million of stand-by letters of credit outstanding of which $14.3 million were under the revolving credit facility. At December 31, 2013 , NiSource had $31.6 million of stand-by letters of credit outstanding of which $ 14.3 million were under the revolving credit facility.

As of March 31, 2014 , an aggregate of $1,688.2 million of credit was available under the credit facility.

Debt Covenants **.** NiSource is subject to a financial covenant under its revolving credit facility and its three-year term loan issued April 5, 2012, which requires NiSource to maintain a debt to capitalization ratio that does not exceed 70%. A similar covenant in a 2005 private placement note purchase agreement requires NiSource to maintain a debt to capitalization ratio that does not exceed 75%. As of March 31, 2014 , the ratio was 59.9%.

NiSource is also subject to certain other non-financial covenants under the revolving credit facility. Such covenants include a limitation on the creation or existence of new liens on NiSource's assets, generally exempting liens on utility assets, purchase money security interests, preexisting security interests and an additional subset of assets equal to $150 million. An asset sale covenant generally restricts the sale, lease and/or transfer of NiSource's assets to no more than 10% of its consolidated total assets and dispositions for a price not materially less than the fair market value of the assets disposed of that do not impair the ability of NiSource and NiSource Finance to perform obligations under the revolving credit facility, and that, together with all other such dispositions, would not have a material adverse effect. The revolving credit facility also includes a cross-default provision, which triggers an event of default under the credit facility in the event of an uncured payment default relating to any indebtedness of NiSource or any of its subsidiaries in a principal amount of $50 million or more.

NiSource's indentures generally do not contain any financial maintenance covenants. However, NiSource's indentures are generally subject to cross-default provisions ranging from uncured payment defaults of $5 million to $50 million, and limitations on the incurrence of liens on NiSource's assets, generally exempting liens on utility assets, purchase money security interests, preexisting security interests and an additional subset of assets capped at 10% of NiSource's consolidated net tangible assets.

Sale of Trade Accounts Receivables. Refer to Note 10, "Transfers of Financial Assets," in the Notes to Condensed Consolidated Financial Statements (unaudited) for information on the sale of accounts receivable.

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

Credit Ratings. On March 14, 2014, Standard & Poor's affirmed the senior unsecured ratings for NiSource and its subsidiaries at BBB-. Standard & Poor's outlook for NiSource and all of its subsidiaries is stable. On January 31, 2014, Moody's Investors Service upgraded the senior unsecured rating for NiSource to Baa2 from Baa3 and NiSource's commercial paper rating to P-2 from P-3. Additionally, the rating for NIPSCO was upgraded to Baa1 from Baa2 and the rating for Columbia of Massachusetts was affirmed at Baa2. Moody's outlook for NiSource and all of its subsidiaries is stable. On December 9, 2013, Fitch affirmed the senior unsecured ratings for NiSource at BBB-, and the existing ratings of all other subsidiaries. Fitch's outlook for NiSource and all of its subsidiaries is stable. Although all ratings continue to be investment grade, a downgrade by Standard & Poor's or Fitch would result in a rating that is below investment grade.

Certain NiSource affiliates have agreements that contain "ratings triggers" that require increased collateral if the credit ratings of NiSource or certain of its subsidiaries are rated below BBB- by Standard & Poor's or Baa3 by Moody's. These agreements are primarily for insurance purposes and for the physical purchase or sale of power. The collateral requirement that would be required in the event of a downgrade below the ratings trigger levels would amount to approximately $37.0 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.

Contractual Obligations. There were no material changes recorded during the three months ended March 31, 2014 to NiSource's contractual obligations as of December 31, 2013 .

Market Risk Disclosures

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

Commodity Price Risk

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

Commodity price risk resulting from derivative activities at NiSource's rate-regulated subsidiaries is limited, since regulations allow recovery of prudently incurred purchased power, fuel and gas costs through the rate-making process, including gains or losses on these derivative instruments. If states should explore additional regulatory reform, these subsidiaries may begin providing services without the benefit of the traditional rate-making process and may be more exposed to commodity price risk. Some of NiSource's rate-regulated utility subsidiaries offer commodity price risk products to its customers for which derivatives are used to hedge forecasted customer usage under such products. These subsidiaries do not have regulatory recovery orders for these products and are subject to gains and losses recognized in earnings due to hedge ineffectiveness.

Interest Rate Risk

NiSource is exposed to interest rate risk as a result of changes in interest rates on borrowings under its revolving credit agreement, term loan, commercial paper program and accounts receivable programs, which have interest rates that are indexed to short-term market interest rates. NiSource is also exposed to interest rate risk due to changes in interest rates on fixed-to-variable interest rate swaps that hedge the fair value of long-term debt. 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 $3.7 million for the three months ended March 31, 2014 and $4.0 million for the three months ended March 31, 2013 .

Credit Risk

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

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

Fair Value Measurement

NiSource measures certain financial assets and liabilities at fair value. The level of the fair value hierarchy disclosed is based on the lowest level of input that is significant to the fair value measurement. NiSource's financial assets and liabilities include price risk assets and liabilities, available-for-sale securities and a deferred compensation plan obligation.

Exchange-traded derivative contracts are generally 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, NiSource may utilize models to measure fair value. 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 in 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 in 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.

Price risk management assets also include fixed-to-floating interest-rate swaps, which are designated as fair value hedges, as a means to achieve its targeted level of variable-rate debt as a percent of total debt. NiSource uses a calculation of future cash inflows and estimated future outflows related to the swap agreements, which are discounted and netted to determine the current fair value. Additional inputs to the present value calculation include the contract terms, as well as market parameters such as current and projected interest rates and volatility. As they are based on observable data and valuations of similar instruments, the interest-rate swaps are categorized in Level 2 in the fair value hierarchy. Credit risk is considered in the fair value calculation of the interest rate swap.

Refer to Note 9, "Fair Value" in the Notes to the Condensed Consolidated Financial Statements (unaudited) for additional information on NiSource's fair value measurements.

Off Balance Sheet Arrangements

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

NiSource has purchase and sales agreement guarantees totaling $73.5 million , which guarantee performance of the seller's covenants, agreements, obligations, liabilities, representations and warranties under the agreements. No amounts related to the purchase and sales agreement guarantees are reflected in the Condensed Consolidated Balance Sheets (unaudited). Management believes that the likelihood NiSource would be required to perform or otherwise incur any significant losses associated with any of the aforementioned guarantees is remote.

NiSource has other guarantees outstanding. Refer to Note 17-A, "Guarantees and Indemnities," in the Notes to Condensed Consolidated Financial Statements (unaudited) for additional information about NiSource's off balance sheet arrangements.

Other Information

Critical Accounting Policies
There were no significant changes to critical accounting policies for the period ended March 31, 2014 .

Recently Issued Accounting Pronouncements
In April 2014, the FASB issued ASU 2014-08, *Presentation of Financial Statements (Topic 205) and Property, Plant, and Equipment (Topic 360): Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity*. ASU 2014-08 changes the criteria for reporting a discontinued operation. Under the new pronouncement, a disposal of a part of an organization that has a major effect on its operations and financial results is a discontinued operation. NiSource is required to adopt ASU 2014-08 prospectively for all disposals or components of its business classified as held for sale during fiscal periods beginning after December 15, 2014. NiSource is currently evaluating what impact, if any, adoption of ASU 2014-08 will have on its Condensed Consolidated Financial Statements (unaudited) and Notes to Condensed Consolidated Financial Statements (unaudited).

RESULTS AND DISCUSSION OF SEGMENT OPERATIONS

Presentation of Segment Information

NiSource's operations are divided into three primary business segments: Gas Distribution Operations, Columbia Pipeline Group Operations and Electric Operations.

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

NiSource Inc.

Gas Distribution Operations

		Three Months Ended March 31,		
(in millions)		**2014**		2013
Net Revenues				
Sales revenues	$	**1,565.6**	$	1,145.1
Less: Cost of gas sold (excluding depreciation and amortization)		**923.0**		593.8
Net Revenues		**642.6**		551.3
Operating Expenses				
Operation and maintenance		**228.8**		218.4
Depreciation and amortization		**52.2**		48.5
Other taxes		**59.8**		50.3
Total Operating Expenses		**340.8**		317.2
Operating Income	$	**301.8**	$	234.1
Revenues ($ in millions)				
Residential	$	**1,005.8**	$	743.9
Commercial		**366.3**		270.3
Industrial		**84.3**		65.0
Off System		**71.9**		79.4
Other		**37.3**		(13.5)
Total	$	**1,565.6**	$	1,145.1
Sales and Transportation (MMDth)				
Residential		**156.5**		132.0
Commercial		**90.1**		75.3
Industrial		**136.8**		133.3
Off System		**14.3**		21.7
Other		**0.2**		0.2
Total		**397.9**		362.5
Heating Degree Days		**3,437**		2,919
Normal Heating Degree Days		**2,892**		2,892
% Colder than Normal		**19%**		1%
Customers				
Residential		**3,094,353**		3,072,919
Commercial		**283,000**		281,933
Industrial		**7,570**		7,553
Other		**20**		23
Total		**3,384,943**		3,362,428

NiSource's Gas Distribution Operations serve approximately 3.4 million customers in seven states: Ohio, Indiana, Pennsylvania, Massachusetts, Virginia, Kentucky and Maryland. The regulated subsidiaries offer both traditional bundled services as well as transportation only for customers that purchase gas from alternative suppliers. The operating results reflect the temperature-sensitive nature of customer demand with 74% of annual residential and commercial throughput affected by seasonality. As a result, segment operating income is higher in the first and fourth quarters reflecting the heating demand during the winter season.

Regulatory Matters

Refer to Note 7, "Regulatory Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for information on significant rate developments and cost recovery and trackers for the Gas Distribution Operations segment.

Customer Usage. Increased efficiency of natural gas appliances and improvements in home building codes and standards has contributed to a long-term trend of declining average use per customer. Usage for the three months ended March 31, 2014 increased

from the same period last year primarily due to colder weather compared to the prior year. While historically, rate design at the distribution level has been structured such that a large portion of cost recovery is based upon throughput, rather than in a fixed charge, operating costs are largely incurred on a fixed basis, and do not fluctuate due to changes in customer usage. As a result, the NiSource LDCs have pursued changes in rate design to more effectively match recoveries with costs incurred. Each of the states in which the NiSource LDCs operate has different requirements regarding the procedure for establishing changes to rate design. Columbia of Ohio restructured its rate design through a base rate proceeding and has adopted a "de-coupled" rate design which more closely links the recovery of fixed costs with fixed charges. Columbia of Massachusetts and Columbia of Virginia received regulatory approval of decoupling mechanisms which adjust revenues to an approved benchmark level through a volumetric adjustment factor. Columbia of Maryland has received regulatory approval to implement a residential class revenue normalization adjustment, a decoupling mechanism whereby monthly revenues that exceed or fall short of approved levels are reconciled in subsequent months. In a prior base rate proceeding, Columbia of Pennsylvania implemented a residential weather normalization adjustment charge. In a prior base rate proceeding, NIPSCO implemented a higher fixed customer charge for residential and small customer classes moving toward full straight fixed variable rate design.

Environmental Matters

Various environmental matters occasionally impact the Gas Distribution Operations segment. As of March 31, 2014 , a reserve has been recorded to cover probable and estimable environmental response actions. Refer to Note 17-C, "Environmental Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for additional information regarding environmental matters for the Gas Distribution Operations segment.

Weather

In general, NiSource calculates the weather related revenue variance based on changing customer demand driven by weather variance from normal heating degree-days. Normal is evaluated using heating degree days across the NiSource distribution region. While the temperature base for measuring heating degree days (i.e. the estimated average daily temperature at which heating load begins) varies slightly across the region, the NiSource composite measurement is based on 65 degrees. NiSource composite heating degree days reported do not directly correlate to the weather related dollar impact on the results of Gas Distribution Operations. Heating degree days experienced during different times of the year or in different operating locations may have more or less impact on volume and dollars depending on when and where they occur. When the detailed results are combined for reporting, there may be weather related dollar impacts on operations when there is not an apparent or significant change in the aggregated NiSource composite heating degree-day comparison.

Weather in the Gas Distribution Operations' territories for the first quarter of 2014 was 19% colder than normal and 18% colder than the first quarter in 2013 .

Throughput

Total volumes sold and transported of 397.9 MMDth for the first quarter of 2014 increased by 35.4 MMDth from the same period last year. This 9.8% increase in volume was primarily attributable to colder weather.

Net Revenues

Net revenues for the first quarter of 2014 were $642.6 million , an increase of $91.3 million from the same period in 2013 . The increase in net revenues is due primarily to an increase of $40.1 million for regulatory and service programs, including the impacts of the rate settlement in 2013 at Columbia of Pennsylvania and the implementation of rates under Columbia of Ohio's approved infrastructure replacement program, the effects of colder weather of $21.0 million, increased regulatory and tax trackers, which are offset in expense, of $16.3 million, higher residential and commercial usage of $5.9 million, an increase in off-system sales of $3.4 million, higher revenue of $3.0 million due to an increase in customer count and an increase in large customer revenue of $2.2 million. These increases were partially offset by a decrease of $4.8 million resulting from NIPSCO's GCIM.

At NIPSCO, sales revenues and customer billings are adjusted for amounts related to under and over-recovered purchased gas costs from prior periods per regulatory order. These amounts are primarily reflected in the "Other" gross revenues statistic provided at the beginning of this segment discussion. The adjustment to Other gross revenues for the three months ended March 31, 2014 was a revenue increase of $31.5 million compared to a decrease of $24.7 million for the three months ended March 31, 2013.

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

NiSource Inc.
Gas Distribution Operations

Operating Income

For the first quarter of 2014 , Gas Distribution Operations reported operating income of $301.8 million , an increase of $67.7 million from the comparable 2013 period. Operating income increased as a result of higher net revenues, as described above, partially offset by increased operating expenses. Operating expenses were $23.6 million higher than the comparable period reflecting increased regulatory and tax trackers, which are offset in net revenue, of $16.3 million, an increase of $3.7 million in depreciation due to higher capital expenditures, increased employee and administrative expenses of $3.6 million and higher other taxes of $3.5 million. These increases were partially offset by a decrease in outside service costs of $5.6 million.

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

NiSource Inc.

Columbia Pipeline Group Operations

(in millions)	Three Months Ended March 31, 2014	2013
Net Revenues		
Transportation revenues	$ **222.3**	$ 210.9
Storage revenues	**49.9**	50.5
Other revenues	**73.4**	40.0
Total Sales Revenues	**345.6**	301.4
Less: Cost of sales (excluding depreciation and amortization)	**0.1**	0.1
Net Revenues	**345.5**	301.3
Operating Expenses		
Operation and maintenance	**165.7**	132.6
Depreciation and amortization	**29.7**	25.7
Gain on sale of assets	**(17.5)**	(0.2)
Other taxes	**18.5**	16.8
Total Operating Expenses	**196.4**	174.9
Equity Earnings in Unconsolidated Affiliates	**9.8**	7.1
Operating Income	$ **158.9**	$ 133.5
Throughput (MMDth)		
Columbia Transmission	**459.5**	435.8
Columbia Gulf	**184.9**	[illegible]
Crossroads Pipeline	**5.7**	5.0
Intrasegment eliminations	**(61.6)**	(93.9)
Total	**588.5**	537.1

NiSource's Columbia Pipeline Group Operations segment primarily consists of the operations of Columbia Transmission, Columbia Gulf, NiSource Midstream, NEVCO, Crossroads Pipeline, and the equity investments in Pennant, Millennium and Hardy Storage. In total, NiSource owns a pipeline network of approximately 15,000 miles extending from the Gulf of Mexico to New York and the eastern seaboard. The pipeline network serves customers in 16 northeastern, mid-Atlantic, midwestern and southern states, as well as the District of Columbia. In addition, the Columbia Pipeline Group Operations segment operates one of the nation's largest underground natural gas storage systems.

Columbia Pipeline Group Operations' most significant projects are as follows:

Warren County. The Columbia Pipeline Group Operations segment is spending approximately $37 million on an expansion project, which includes new pipeline and modifications to existing compression assets, with Virginia Power Services Energy Corporation, Inc., the energy manager for Virginia Electric and Power Company. This project will expand the Columbia Transmission system in order to provide up to nearly 250,000 Dth per day of transportation capacity under a long-term, firm contract. The project is expected to be ready for commercial operations by mid-2014.

West Side Expansion. The Columbia Pipeline Group Operations segment is investing approximately $200 million in new pipeline and compression to increase supply origination from the Smithfield and Waynesburg areas on the Columbia Transmission system and provide a backhaul transportation path to Gulf Coast markets on the Columbia Gulf system. This investment will increase capacity up to 444,000 Dth per day from the Smithfield and Waynesburg areas and up to 540,000 Dth per day from Leach to Rayne transporting Marcellus production under long-term, firm contracts. Limited interim service is being provided throughout 2014 with the project fully in service by the fourth quarter of 2014.

Giles County. The Columbia Pipeline Group Operations segment is spending approximately $25 million to construct nearly thirteen [illegible] of pipeline to provide 45,000 Dth per day of firm service to a third party off of its Line KA system into Columbia of Virginia's system. Columbia of Virginia will expand pipeline facilities and an existing direct connection with the third party's plant in Giles County, Virginia. The project is planned to be in service by the fourth quarter of 2014.

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

NiSource Inc.

Columbia Pipeline Group Operations

Line 1570 Expansion . The Columbia Pipeline Group Operations segment is replacing 18.7 miles of 20-inch bare steel pipe with 24-inch pipe from Waynesburg, Pennsylvania to Redd Farm, Pennsylvania at an approximate cost of $20 million. The project also includes the installation of two compressors at Redd Farm and an uprate in horsepower at Waynesburg, increasing capacity by nearly 100,000 Dth per day. The project is expected to be in service by the end of 2014.

East Side Expansion. The Columbia Pipeline Group Operations segment plans to invest approximately $275 million in developing its East Side Expansion project, which will provide access for Marcellus supplies to the northeastern and mid-Atlantic markets. Backed by binding precedent agreements, the project will add up to 312,000 Dth per day of capacity, which is expected to be placed in service by the end of the third quarter of 2015.

Washington County Gathering. The Columbia Pipeline Group Operations segmen t will construct a field gathering system in Pennsylvania that will gather well pad production of primarily dry gas from a third party producer. Pipeline laterals will be built to connect well pads as drilling is developed. The $120 million investment will include approximately 25 miles miles of gathering pipelines of varying diameter, a compressor station and dehydration unit. The gas gathering agreement has an initial 15-year term with the option to extend. Construction is expected to begin in late 2014, with an in service date during the fourth quarter of 2015.

Cameron Access. The Columbia Pipeline Group Operations segment has entered into binding precedent agreements for the construction of new pipeline facilities along the Columbia Gulf system to connect with the Cameron LNG Terminal in southern Louisiana. The approximately $310 million project will transport supplies from numerous supply basins, including Marcellus, Utica, Haynesville, Fayetteville, Gulf Coast, East Texas, Granite Wash and Barnett, to the planned LNG export facility, which received Department of Energy approval late in 2013. The project will offer an initial capacity of up to 800,000 Dth per day and is expected to be placed into service by the end of 2017.

Equity Investments

Pennant. NiSource Midstream entered into a 50:50 joint venture in 2012 with affiliates of Hilcorp to construct new wet natural gas gathering pipeline infrastructure and NGL processing facilities to support natural gas production in the Utica Shale region of northeastern Ohio and western Pennsylvania. NiSource Midstream and Hilcorp jointly own Pennant with NiSource Midstream serving as the operator of Pennant and the facilities. NiSource accounts for the joint venture under the equity method of accounting.

Pennant is investing in the construction of 20-24 inch wet gas gathering pipeline facilities with a capacity of approximately 600 MMcf per day. In addition, Pennant is installing a gas processing facility in New Middletown, Ohio that will have an initial capacity of 200 MMcf per day and an NGL pipeline with an initial capacity of 45,000 barrels per day that can be expanded to 90,000 barrels per day. Consistent with the terms of the joint venture, NiSource Midstream will operate the gas processing facility, NGL pipeline and associated wet gas gathering system. The joint venture is designed and anticipated to serve other producers with significant acreage development in the area with an interest in obtaining capacity on the system. The construction of the facilities will allow Pennant to become a full-service solution for providers in the northern Utica shale region, offering access to wet gas gathering and processing as well as residue gas and NGL takeaway to attractive market destinations. NiSource Midstream's initial investment in this area, including the gathering pipeline, related laterals, NGL pipeline and the processing plant, will be approximately $185 million. A portion of the facilities were placed in service in the fourth quarter of 2013 and the remainder will be in service in the second and third quarters of 2014.

During the first quarter of 2014, NiSource Midstream made cash contributions to Pennant totaling $28.4 million. A cash contribution of $10.5 million was made during the same period last year.

In a separate agreement with Hilcorp, test wells were drilled in 2012 and continued in 2013 to support the development of the hydrocarbon potential on more than 100,000 combined acres in the Utica/Point Pleasant Shale formation. Production wells were drilled in 2013, with the full production program in development. NiSource is investing alongside Hilcorp in the development of the acreage, with NiSource owning both a working and overriding royalty interest. All of the Hilcorp/NiSource acreage is dedicated to Pennant.

Millennium. Millennium operates approximately 250 miles of pipeline under the jurisdictional authority of the FERC. The Millennium pipeline has the capability to transport natural gas to markets along its route, which lies between Corning, New York and Ramapo, New York, as well as to the New York City market through its pipeline interconnections. Columbia Transmission owns a 47.5% interest in Millennium and acts as operator for the pipeline in partnership with DTE Millennium Company and National Grid Millennium LLC, which each own an equal remaining share of the company.

During the first quarters of 2014 and 2013, Columbia Transmission made contributions to Millennium to fund its share of capital projects of $2.6 million and $6.7 million, respectively. For the same respective periods, Columbia Transmission received distributions of earnings of $7.1 million and $6.7 million.

Millennium began two projects in 2012 that will add nearly 30,000 hp of compression to its system. The first project went into service on June 1, 2013 and increased capacity at its interconnections with Algonquin Gas Transmission, with a total investment of approximately $50 million. The second project included a total investment of approximately $40 million that increased capacity with interconnections to other third-party facilities. The second project was placed into service on March 31, 2014. Columbia Transmission's share of the above investments is limited to its 47.5% interest in Millennium.

Hardy Storage. Hardy Storage is a 50:50 joint venture between subsidiaries of Columbia Transmission and Piedmont that manages an underground storage field in Hardy and Hampshire counties in West Virginia. Columbia Transmission serves as operator of the company, which is regulated by the FERC. Hardy Storage has a working storage capacity of 12 Bcf and the ability to deliver 176,000 Dth of natural gas per day.

During the first quarters of 2014 and 2013, NiSource received $0.5 million and $0.4 million of available accumulated earnings, respectively. NiSource made no contributions during 2014 or 2013.

Nature of Sales

Columbia Transmission and Columbia Gulf compete for transportation customers based on the type of service a customer needs, operating flexibility, available capacity and price. Columbia Gulf and Columbia Transmission provide a significant portion of total transportation services under firm contracts and derive a smaller portion of revenues through interruptible contracts, with management seeking to maximize the portion of physical capacity sold under firm contracts.

Firm service contracts require pipeline capacity to be reserved for a given customer between certain receipt and delivery points. Firm customers generally pay a "capacity reservation" fee based on the amount of capacity being reserved regardless of whether the capacity is used, plus an incremental usage fee when the capacity is used. Annual capacity reservation revenues derived from firm service contracts generally remain constant over the life of the contract because the revenues are based upon capacity reserved and not whether the capacity is actually used. The high percentage of revenue derived from capacity reservation fees mitigates the risk of revenue fluctuations within the Columbia Pipeline Group Operations segment due to changes in near-term supply and demand conditions. The following percentages exclude the impact of intrasegment revenues and over / under collections of tracker-related revenues. For the quarter ended March 31, 2014, approximately 92.6% of the transportation revenues were derived from capacity reservation fees paid under firm contracts and 5.2% of the transportation revenues were derived from usage fees under firm contracts compared to approximately 92.1% and 6.5%, respectively, for the quarter ended March 31, 2013.

Interruptible transportation service is typically short term in nature and is generally used by customers that either do not need firm service or have been unable to contract for firm service. These customers pay a usage fee only for the volume of gas actually transported. The ability to provide this service is limited to available capacity not otherwise used by firm customers, and customers receiving services under interruptible contracts are not assured capacity in the pipeline facilities. Columbia Pipeline Group Operations provides interruptible service at competitive prices in order to capture short term market opportunities as they occur and interruptible service is viewed by management as an important strategy to optimize revenues from the gas transmission assets. For the quarters ended March 31, 2014 and 2013, approximately 2.2% and 1.4%, respectively, of the transportation revenues were derived from interruptible contracts.

Regulatory Matters

Refer to Note 7, "Regulatory Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for information on regulatory matters for the Columbia Pipeline Group Operations segment.

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

NiSource Inc.

Columbia Pipeline Group Operations

Environmental Matters

Various environmental matters occasionally impact the Columbia Pipeline Group Operations segment. As of March 31, 2014 , a reserve has been recorded to cover probable and estimable environmental response actions. Refer to Note 17-C. "Environmental Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for additional information regarding environmental matters for the Columbia Pipeline Group Operations segment.

Throughput

Columbia Transmission's throughput consists of gas transportation service deliveries to LDC city gates, to gas fired power plants, other industrial customers, or other interstate pipelines in its market area. Columbia Transmission's market area covers portions of northeastern, mid-Atlantic, midwestern, and southern states as well as the District of Columbia. Gas delivered via transportation services to storage is not accounted for as throughput until it is withdrawn from storage and delivered to one of the aforementioned locations via a transportation service. Throughput for Columbia Gulf traditionally consists of gas delivered to Columbia Transmission at Leach, Kentucky as well as gas delivered south of Leach to other interstate pipelines or to an LDC's city gate. Recent changes in market conditions have resulted in more non-traditional throughput such as backhaul transportation services that originate in Leach that flow southward. Columbia Gulf has begun to flow gas in a southerly direction from its Louisiana interconnects to markets in the southeastern United States. Crossroads Pipeline serves customers in northern Indiana and Ohio via gas flowing west to east originating from outside the Chicago area to Cygnet, Ohio where it interconnects with Columbia Transmission. Intra-segment eliminations represent gas delivered to an affiliated pipeline within the segment.

Throughput for the Columbia Pipeline Group Operations segment totaled 588.5 MMDth for the first quarter of 2014 , compared to 537.1 MMDth for the same period in 2013 . The increase of 51.4 MMDth was primarily attributable to colder weather, which drove a majority of the increase on the Columbia Transmission system.

Net Revenues

Net revenues were $345.5 million for the first quarter of 2014 , an increase of $44.2 million from the same period in 2013 . The increase in net revenues is due primarily to higher regulatory trackers, which are offset in expense, of $24.5 million, increased demand and commodity revenue of $9.9 million as a result of growth projects placed in service and an increase in mineral rights royalty revenue of $7.1 million.

Operating Income

Operating income was $158.9 million for the first quarter of 2014 , an increase of $25.4 million from the first quarter of 2013 . Operating income increased as a result of higher net revenues, as described above, and higher equity earnings partially offset by increased operating expenses. Equity earnings increased $2.7 million due to higher earnings at Millennium. Operating expenses were $21.5 million higher than the comparable period primarily as a result of increased regulatory trackers, which are offset in net revenue, of $24.5 million, higher employee and administrative expenses of $6.5 million, increased depreciation of $4.0 million and higher property taxes of $1.5 million. These increases were partially offset by gains on the sale of assets of $17.5 million resulting from conveyances of mineral interests.

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

NiSource Inc.

Electric Operations

	Three Months Ended March 31,	
(in millions)	**2014**	2013
Net Revenues		
Sales revenues	**$ 450.4**	$ 377.6
Less: Cost of sales (excluding depreciation and amortization)	**180.4**	124.9
Net Revenues	**270.0**	252.7
Operating Expenses		
Operation and maintenance	**112.5**	107.9
Depreciation and amortization	**60.4**	63.2
Other taxes	**18.2**	16.4
Total Operating Expenses	**191.1**	187.5
Operating Income	**$ 78.9**	$ 65.2
Revenues ($ in millions)		
Residential	**$ 113.2**	$ 108.3
Commercial	**106.2**	103.7
Industrial	**179.7**	159.4
Wholesale	**21.4**	1.7
Other	**29.9**	4.5
Total	**$ 450.4**	$ 377.6
Sales (Gigawatt Hours)		
Residential	**896.2**	864.1
Commercial	**935.5**	921.2
Industrial	**2,607.1**	2,319.6
Wholesale	**311.8**	61.3
Other	**33.4**	33.2
Total	**4,784.0**	4,199.4
Electric Customers		
Residential	**402,676**	401,559
Commercial	**54,378**	54,084
Industrial	**2,370**	2,373
Wholesale	**724**	725
Other	**5**	6
Total	**460,153**	458,747

NiSource generates and distributes electricity, through its subsidiary NIPSCO, to approximately 460 thousand customers in 20 counties in the northern part of Indiana. The operating results reflect the temperature-sensitive nature of customer demand with annual sales affected by temperatures in the northern part of Indiana. As a result, segment operating income is generally higher in the second and third quarters, reflecting cooling demand during the summer season.

Electric Supply

On October 28, 2011, NIPSCO filed its 2011 Integrated Resource Plan with the IURC. The plan evaluates demand-side and supply-side resource alternatives to reliably and cost-effectively meet NIPSCO customers' future energy requirements over the next twenty years. Existing resources are expected to be sufficient, assuming favorable outcomes for environmental upgrades, to meet customers' needs for the next decade. NIPSCO continues to monitor and assess economic, regulatory and legislative activity, and will update its resource plan as appropriate.

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

NiSource Inc.
Electric Operations

Regulatory Matters

Refer to Note 7, "Regulatory Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for information on significant rate developments and cost recovery and trackers for the Electric Operations segment.

Environmental Matters

Various environmental matters occasionally impact the Electric Operations segment. As of March 31, 2014 , a reserve has been recorded to cover probable and estimable environmental response actions. Refer to Note 17-C, "Environmental Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for additional information regarding environmental matters for the Electric Operations segment.

Sales

Electric Operations sales quantities for the first quarter 2014 were 4,784.0 gwh, an increase of 584.6 gwh compared to the first quarter of 2013 . The 13.9% increase is primarily attributable to increases in industrial usage and sales for resale. The increase in industrial usage was primarily attributable to lower internal generation from large industrial customers. The increase in sales for resale was primarily attributable to increased opportunities for off-system sales due to the cold weather that occurred during the first quarter of 2014.

Net Revenues

Net revenues were $270.0 million for the first quarter of 2014 , an increase of $17.3 million from the same period in 2013 . The increase in net revenues is due primarily to an increase in off-system sales of $9.5 million, higher industrial usage of $8.6 million, an increase in the return on the environmental capital investment recovery of $8.1 million due to an increased plant balance eligible for recovery, and the effects of colder weather of $4.4 million. These increases were partially offset by a decrease in transmission upgrade revenue of $6.3 million, decreased trackers, which are offset in expense, of $5.1 million and lower residential and commercial usage of $2.2 million.

At NIPSCO, sales revenues and customer billings are adjusted for amounts related to under and over-recovered purchased fuel costs from prior periods per regulatory order. These amounts are primarily reflected in the "Other" gross revenues statistic provided at the beginning of this segment discussion. The adjustment to Other gross revenues for the three months ended March 31, 2014 was a revenue increase of $20.3 million compared to a revenue decrease of $7.2 million for three months ended March 31, 2013 .

Operating Income

For the first quarter of 2014 , Electric Operations reported operating income of $78.9 million , an increase of $13.7 million from the comparable 2013 period. Operating income increased as a result of higher net revenues, as described above, partially offset by increased operating expenses. Operating expenses increased $3.6 million due primarily to higher employee and administrative expenses of $6.6 million and increased other taxes of $1.8 million. These increases were partially offset by a decrease in trackers, which are offset in net revenue, of $5.1 million.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

NiSource Inc.

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

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

NiSource's Chief Executive Officer and its Principal Financial Officer, after evaluating the effectiveness of NiSource's disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)), have concluded based on the evaluation required by paragraph (b) of Exchange Act Rules 13a-15 and 15d-15 that, as of the end of the period covered by this report, NiSource's disclosure controls and procedures are considered effective.

Changes in Internal Controls

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

PART II

ITEM 1. LEGAL PROCEEDINGS

NiSource Inc.

None.

ITEM 1A. RISK FACTORS

There were no material changes from the risk factors disclosed in NiSource's 2013 Annual Report on Form 10-K filed on February 18, 2014.

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

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

NiSource Inc.

(10.1)	Form of Performance Share Award Agreement under the 2010 Omnibus Incentive Plan.
(31.1)	Certification of Robert C. Skaggs, Jr., Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
(31.2)	Certification of Stephen P. Smith, Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
(32.1)	Certification of Robert C. Skaggs, Jr., Chief Executive Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).
(32.2)	Certification of Stephen P. Smith, Chief Financial Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).
(101.INS)	XBRL Instance Document
(101.SCH)	XBRL Schema Document
(101.CAL)	XBRL Calculation Linkbase Document
(101.LAB)	XBRL Labels Linkbase Document
(101.PRE)	XBRL Presentation Linkbase Document
(101.DEF)	XBRL Definition Linkbase Document

Pursuant to Item 601(b)(4)(iii) of Regulation S-K, NiSource hereby agrees to furnish the SEC, upon request, any instrument defining the rights of holders of long-term debt of NiSource not filed as an exhibit herein. No such instrument authorizes long-term debt securities in excess of 10% of the total assets of NiSource and its subsidiaries on a consolidated basis.

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: April 30, 2014	By:	/s/ Jon D. Veurink
		Jon D. Veurink Vice President and Chief Accounting Officer (Principal Accounting Officer and Duly Authorized Officer)

Exhibit 10.1

NiSource Inc.
2010 Omnibus Incentive Plan

Performance Share Award Agreement

This Performance Share Award Agreement (the "Agreement"), is made and entered into as of DATE (the "Date of Grant"), by and between NiSource Inc., a Delaware corporation (the "Company"), and ______________________, an Employee of the Company (the "Grantee").

Section 1. Performance Share Award . The Company hereby grants to the Grantee, on the terms and conditions hereinafter set forth, an Award of __________ Performance Shares. The Performance Shares will be represented by a bookkeeping entry (the "Performance Share Account") of the Company, and each Performance Share will be settled with one share of the Company's common stock to the extent provided under this Agreement and the Plan.

Section 2. Grantee Accounts . The number of Performance Shares granted pursuant to this Agreement shall be credited to the Grantee's Performance Share Account. Each Performance Share Account shall be maintained on the books of the Company until full payment of the balance thereof has been made to the Grantee (or the Grantee's beneficiaries or estate if the Grantee is deceased) in accordance with Section 1 above. No funds shall be set aside or earmarked for any Performance Share Account, which shall be purely a bookkeeping device.

Section 3. Performance Period . The "Performance Period" is the period beginning on January 1, 2014, and ending on December 31, 2016.

Section 4. Vesting and Lapse of Performance Restrictions .

(a) Performance Restrictions . The Performance Restrictions shall lapse only upon both the Grantee's continued employment through February 28, 2017 and the date the Committee certifies the following results (including interpolation between the results, expressed as a percentage of the target except as otherwise noted below):

(i) The Performance Restrictions of fifty percent of the Award shall lapse based on achievement of cumulative "net operating earnings" per Share for the Performance Period in accordance with the following schedule:

Cumulative Net Operating Earnings Per Share	Percentage of Award Granted
<$5.11	0%
$5.11	50%
$5.26	100%
≥$5.63	200%

(ii) The Performance Restrictions of fifty percent of the Award shall lapse based on the Company's positive Relative Total Shareholder Return ("RTSR") as of the last day of the Performance Period in accordance with the following schedule:

RTSR* Percent Ranking	Percentage of Award Granted
<40th	0%
≥ 40th and <50th**	50%
50th	100%
100th	200%

*Relative Total Shareholder Return (RTSR) is the annualized growth in the dividends and share price of a share of the Company's common stock, calculated using a 20 day trading average of the Company's closing price beginning December 31, 2013 and ending December 31, 2016 compared to the TSR performance of a peer group of companies determined by the Committee at its meeting on January 30, 2014.

Negative TSR for the Performance Period will result in a maximum payout at target regardless of relative performance.

** There is no interpolation between goals below the 50 th percentile for the RTSR metric.

(b) Committee Certification. As soon as practicable after the end of the Performance Period, the Committee will certify in writing whether the Performance Restrictions have been met for the Performance Period and determine the number of Shares, if any, that will be payable to the Grantee; provided, however, that if the Committee certifies that the Performance Restrictions have been met, the Committee may, in its sole discretion, adjust the number of Shares payable to the Grantee with respect to the Award to reflect the effect of extraordinary events upon the Performance Restrictions, as provided under the Plan. The date of the Committee's certification under this Section shall hereinafter be referred to as the "Certification Date." The Company will notify the Grantee (or the executors or administrators of the Grantee's estate, if appropriate) of the Committee's certification following the Certification Date (such notice being the "Determination Notice"). The Determination Notice shall specify (i) the Company's cumulative net operating earnings per share and Relative Total Shareholder Return for the Performance Period and (ii) the number of Shares payable in accordance with the Committee's certification.

(c) Effect of Termination of Service Before February 28, 2017. Except as set forth below, if Grantee's Service is terminated for any reason prior to February 28, 2017 or prior to the occurrence of any otherwise applicable vesting event provided in this Section, the Grantee shall forfeit the Performance Shares credited to the Grantee's Performance Share Account. Notwithstanding the foregoing, in the event that Grantee's Service terminates prior to February 28, 2017 as a result of (i) Grantee's Retirement; or (ii) Grantee's Disability; or (iii) Grantee's death and such death occurs with less than or equal to twelve months remaining in the Performance Period, the Grantee shall receive a *pro rata* distribution of Shares after the certification date described in part (a) above; provided that the Committee actually certifies that the Performance Restrictions for the Performance Period have been met. Such *pro rata* grant of Shares shall be determined using a fraction, where the numerator shall be the number of full or partial calendar months elapsed between the Date of Grant and the date the Grantee terminates Service, and the denominator shall be the number of full or partial calendar months elapsed between the Date of Grant and February 28, 2017. Additionally, if the Grantee terminates Service due to death prior to February 28, 2017 with more than 12 months remaining in the Performance Period, the Grantee shall receive, as soon as practicable after the date of termination, a *pro rata* distribution of Shares equal to the number of Shares that the Grantee otherwise would have received had the Performance Restrictions been met at target for the Performance Period. Such *pro rata* grant of Shares shall be determined using a fraction, where the numerator shall be the number of full or partial calendar months elapsed between the Date of Grant and the date the Grantee terminates Service, and the denominator shall be the number of full or partial calendar months elapsed between the Date of Grant and February 28, 2017. For purposes of this Agreement, "Retirement" means the Grantee's attainment of age 55 and 10 years of Service.

(d) Change in Control . Notwithstanding the foregoing provisions, all Performance Shares shall become fully and immediately vested, and all restrictions shall lapse, on the fifth business day before the date of consummation of a Change in Control of the Company.

(e) Code Section 162(m) Limitation . Notwithstanding the previous provisions of this Section, during any calendar year with respect to which the Grantee is a Covered Officer (for purposes of Internal Revenue Code ("Code") Section 162 (m)), if the Grantee otherwise would vest in a number of Performance Shares under this Section, the Grantee instead may vest only with respect to a sufficient number of Performance Shares whose aggregate Fair Market Value on the date such restrictions would, when added to the Grantee's "applicable employee remuneration" (as defined in Code Section 162(m)) for the applicable calendar year that does not constitute "qualified performance-based compensation" (as defined in Code Section 162(m)), not exceed the aggregate amount of $999,999.00 for the applicable calendar year (the "Limitation").

To the extent the restrictions on any Performance Shares do not lapse due to the application of this Section, the restrictions on such Performance Shares shall lapse on the first to occur of:

(i) the last business day of any subsequent calendar year or years to the extent that the Limitation is not exceeded for such year or years;

(ii) the date next following the Grantee's termination of Service for any reason other than for Cause, or

(iii) the first business day of the year next following the year with respect to which the Grantee ceases to be a Covered Officer.

The Company will make all determinations as to whether the lapse of restrictions on any Performance Shares is delayed in accordance with this Section. Such determinations will be made on a uniform and non-discriminatory basis consistent with the requirements under Code Section 409A.

Section 5. Delivery of Shares . Once Performance Shares have vested under this Agreement, the Company will convert the Performance Shares in the Grantee's Performance Share Account into Shares and deliver the total number of Shares due to the Grantee as soon as administratively possible after such date, but no later than March 15, 2017. The delivery of the Shares shall be subject to payment of the applicable withholding tax liability and the forfeiture provisions of this Agreement. If the Grantee dies before the Company has distributed any portion of the vested Performance Shares, the Company will transfer any Shares with respect to the vested Performance Shares in accordance with the Grantee's written beneficiary designation or to the Grantee's estate if no written beneficiary designation is provided.

Section 6. Withholding of Taxes. The Company shall have the power and the right to deduct or withhold, or require the Grantee to remit to the Company, an amount sufficient to satisfy federal, state, and local taxes, domestic or foreign, required by law or regulation to be withheld with respect to any taxable event arising as a result of this Agreement.

Section 7. Securities Law Compliance. The delivery of all or any Shares that relate to the Performance Shares shall only be effective at such time that the issuance of such Shares will not violate any state or federal securities or other laws. The Company is under no obligation to effect any registration of Shares under the Securities Act of 1933 or to effect any state registration or qualification of the Shares that may be issued under this Agreement. The Company may, in its sole discretion, delay the delivery of Shares or place restrictive legends on Shares in order to ensure that the issuance of any Shares will be in compliance with federal or state securities laws and the rules of any exchange upon which the Company's Shares are traded. If the Company delays the delivery of Shares in order to ensure compliance with any state or federal securities or other laws, the Company shall deliver the Shares at the earliest date at which the Company reasonably believes that such delivery will not cause such violation, or at such later date that may be permitted under Code Section 409A.

Section 8. Restriction on Transferability. Except as otherwise provided under the Plan, until the Performance Shares have vested under this Agreement, the Performance Shares granted herein and the rights and privileges conferred hereby may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated (by operation of law or otherwise), other than by will or the laws of descent and distribution. Any attempted transfer in violation of the provisions of this paragraph shall be void, and the purported transferee shall obtain no rights with respect to such Performance Shares.

Section 9. Grantee's Rights Unsecured. The right of the Grantee or his or her beneficiary to receive a distribution hereunder shall be an unsecured claim against the general assets of the Company, and neither the Grantee nor his or her beneficiary shall have any rights in or against any amounts credited to the Grantee's Performance Share Account or any other specific assets of the Company. All amounts credited to the Grantee's Performance Share Account shall constitute general assets of the Company and may be disposed of by the Company at such time and for such purposes, as it may deem appropriate.

Section 10. No Rights as Stockholder or Employee.

(a) The Grantee shall not have any privileges of a stockholder of the Company with respect to any Performance Shares subject to this Agreement, nor shall the Company have any obligation to issue any dividends or otherwise afford any rights to which Shares are entitled with respect to any such Performance Shares.

(b) Nothing in this Agreement or the Award shall confer upon the Grantee any right to continue as an Employee of the Company or any Affiliate or to interfere in any way with the right of the Company or any Affiliate to terminate the Grantee's Service at any time.

Section 11. Adjustments . If at any time while the Award is outstanding, the number of outstanding Performance Shares is changed by reason of a reorganization, recapitalization, stock split or any of the other events described in the Plan, the number and kind of Performance Shares shall be adjusted in accordance with the provisions of the Plan. In the event of certain corporate events specified in Article XVI of the Plan, any unvested Performance Shares may be replaced by substituted Awards or forfeited in exchange for payment of cash in accordance with the procedures and provisions of Article XVI of the Plan.

Section 12. 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 86 th 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 13. Administration . The administration of this Agreement, including the interpretation and amendment or termination of this Agreement, will be performed in accordance with the Plan. All determinations and decisions made by the Committee, the Board, or any delegate of the Committee as to the provisions of this Agreement shall be conclusive, final, and binding on all persons. This Agreement at all times shall be governed by the Plan and in no way alter or modify the Plan. To the extent a conflict exists between this Agreement and the Plan, the provisions of the Plan shall govern. Notwithstanding the foregoing, if subsequent guidance is issued under Code Section 409A that would impose additional taxes, penalties, or interest to either the Company or the grantee, the Company may administer this Agreement in accordance with such guidance and amend this Agreement without the Consent of the Grantee to the extent such actions, in the reasonable judgment of the Company, are considered necessary to avoid the imposition of such additional taxes, penalties, or interest.

Section 14. 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 15. Government Regulations . Notwithstanding anything contained herein to the contrary, the Company's obligation to issue or deliver certificates evidencing the Performance Shares shall be subject to all applicable laws, rules and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

Section 16. Entire Agreement; Code Section 409A Compliance . This Agreement and the Plan contain the terms and conditions with respect to the subject matter hereof and supersede any previous agreements, written or oral, relating to the subject matter hereof. This Agreement is pursuant to the terms of the Company's 2010 Omnibus Incentive Plan (the "Plan"). The applicable terms of the Plan are incorporated herein by reference, including the definition of capitalized terms contained in the Plan, and including the Code Section 409A provisions of Section XIX of the Plan. This Agreement shall be interpreted in accordance with Code Section 409A including the rules related to payment timing for specified employees. This Agreement shall be deemed to be modified to the maximum extent necessary to be in compliance with Code Section 409A's rules. If the Grantee is unexpectedly required to include in the Grantee's current year's income any amount of compensation relating to the Performance Shares because of a failure to meet the requirements of Code Section 409A, then to the extent permitted by Code Section 409A, the Grantee may receive a distribution of Shares in an amount not to exceed the amount required to be included in income as a result of the failure to comply with Code Section 409A.

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.

[illegible]OURCE INC GRANTEE

By: ______________________ By: ______________________

Its: ______________________

Exhibit 31.1

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

I, Robert C. Skaggs, Jr., certify that:

1. I have reviewed this Quarterly Report of NiSource Inc. on Form 10-Q for the quarter ended March 31, 2014 ;

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: April 30, 2014

By: /s/ Robert C. Skaggs, Jr.

Robert C. Skaggs, Jr.
Chief Executive Officer

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

I, Stephen P. Smith, certify that:

1. I have reviewed this Quarterly Report of NiSource Inc. on Form 10-Q for the quarter ended March 31, 2014 ;

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: April 30, 2014 By: /s/ Stephen P. Smith

Stephen P. Smith
Executive Vice President and Chief
Financial Officer

Exhibit 32.1

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

In connection with the Quarterly Report of NiSource Inc. (the "Company") on Form 10-Q for the quarter ending March 31, 2014 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Robert C. Skaggs, Jr., Chief Executive Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

/s/ Robert C. Skaggs, Jr.

Robert C. Skaggs, Jr.
Chief Executive Officer

Date: April 30, 2014

Exhibit 32.2

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

In connection with the Quarterly Report of NiSource Inc. (the "Company") on Form 10-Q for the quarter ending March 31, 2014 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Stephen P. Smith, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

/s/ Stephen P. Smith

Stephen P. Smith
Executive Vice President and Chief Financial Officer

Date: April 30, 2014

NISOURCE INC/DE

FORM 10-Q
(Quarterly Report)

Filed 10/31/13 for the Period Ending 09/30/13

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

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, 2013

or

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

For the transition period from _______ to ______

Commission file number 001-16189

NiSource Inc.

(Exact name of registrant as specified in its charter)

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

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

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company.

Large accelerated filer ☑ Accelerated filer ☐

Non-accelerated filer ☐ Smaller reporting company ☐

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: Common $0.01 Par Value: 313,294,844 shares outstanding at October 24, 2013 .

NISOURCE INC.
FORM 10-Q QUARTERLY REPORT
FOR THE QUARTER ENDED SEPTEMBER 30, 2013

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DEFINED TERMS

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

NiSource Subsidiaries and Affiliates

Capital Markets	NiSource Capital Markets, Inc.
CER	Columbia Energy Resources, Inc.
CGORC	Columbia Gas of Ohio Receivables Corporation
Columbia	Columbia Energy Group
Columbia Gulf	Columbia Gulf Transmission, L.L.C.
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.
Columbia Transmission	Columbia Gas Transmission, L.L.C.
CPRC	Columbia Gas of Pennsylvania Receivables Corporation
Crossroads Pipeline	Crossroads Pipeline Company
Hardy Storage	Hardy Storage Company, L.L.C.
Kokomo Gas	Kokomo Gas and Fuel Company
Millennium	Millennium Pipeline Company, L.L.C.
NARC	NIPSCO Accounts Receivable Corporation
NDC Douglas Properties	NDC Douglas Properties, Inc.
NEVCO	NiSource Energy Ventures, L.L.C.
NiSource	NiSource Inc.
NiSource Corporate Services	NiSource Corporate Services Company
NiSource Development Company	NiSource Development Company, Inc.
NiSource Finance	NiSource Finance Corporation
Northern Indiana	Northern Indiana Public Service Company
Northern Indiana Fuel and Light	Northern Indiana Fuel and Light Company
NiSource Midstream	NiSource Midstream Services, L.L.C.
Pennant	Pennant Midstream, L.L.C.

Abbreviations

AFUDC	Allowance for funds used during construction
AMRP	Accelerated Main Replacement Program
AOC	Administrative Order by Consent
AOCI	Accumulated Other Comprehensive Income (Loss)
ARRs	Auction Revenue Rights
ASC	Accounting Standards Codification
BBA	British Banker Association
Bcf	Billion cubic feet
BNS	Bank of Nova Scotia
Board	Board of Directors
BPAE	BP Alternative Energy North America, Inc.
BTMU	The Bank of Tokyo-Mitsubishi UFJ, LTD.

DEFINED TERMS (continued)

BTU	British Thermal Unit
CAA	Clean Air Act
CAIR	Clean Air Interstate Rule
CAMR	Clean Air Mercury Rule
Ccf	Hundred cubic feet
CERCLA	Comprehensive Environmental Response, Compensation and Liability Act (also known as Superfund)
CO_2	Carbon Dioxide
CSAPR	Cross-State Air Pollution Rule
Day 2	Began April 1, 2005 and refers to the operational control of the energy markets by MISO, including the dispatching of wholesale electricity and generation, managing transmission constraints, and managing the day-ahead, real-time and financial transmission rights markets
DPU	Department of Public Utilities
DSIC	Distribution System Improvement Charge
DSM	Demand Side Management
Dth	Dekatherm
ECR	Environmental Cost Recovery
ECRM	Environmental Cost Recovery Mechanism
ECT	Environmental Cost Tracker
EERM	Environmental Expense Recovery Mechanism
EPA	United States Environmental Protection Agency
EPS	Earnings per share
FAC	Fuel adjustment clause
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission
FGD	Flue Gas Desulfurization
FTRs	Financial Transmission Rights
GAAP	Generally Accepted Accounting Principles
GCR	Gas cost recovery
GHG	Greenhouse gases
gwh	Gigawatt hours
Hilcorp	Hilcorp Energy Company
hp	Horsepower
IDEM	Indiana Department of Environmental Management
IRP	Infrastructure Replacement Program
IRS	Internal Revenue Service
IURC	Indiana Utility Regulatory Commission
kV	Kilovolt
LDCs	Local distribution companies
LIBOR	London InterBank Offered Rate
LIFO	Last-in, first-out
LNG	Liquefied Natural Gas
MATS	Mercury and Air Toxics Standards
Mcf	Thousand cubic feet
MMcf	Million cubic feet

DEFINED TERMS (continued)

MGP	Manufactured Gas Plant
MISO	Midcontinent Independent System Operator
Mitchell	Dean H. Mitchell Coal Fired Generating Station
Mizuho	Mizuho Corporate Bank Ltd.
MMDth	Million dekatherms
mw	Megawatts
NAAQS	National Ambient Air Quality Standards
NOV	Notice of Violation
NO_2	Nitrogen dioxide
NOx	Nitrogen oxide
NYMEX	New York Mercantile Exchange
OCI	Other Comprehensive Income (Loss)
OPEB	Other Postretirement and Postemployment Benefits
OUCC	Indiana Office of Utility Consumer Counselor
PADEP	Pennsylvania Department of Environmental Protection
Piedmont	Piedmont Natural Gas Company, Inc.
PM	Particulate matter
PNC	PNC Bank, N.A.
PSC	Public Service Commission
PUC	Public Utility Commission
PUCO	Public Utilities Commission of Ohio
RA	Resource Adequacy
RBS	Royal Bank of Scotland, PLC
RCRA	Resource Conservation and Recovery Act
RDAF	Revenue decoupling adjustment factor
RTO	Regional Transmission Organization
SEC	Securities and Exchange Commission
SIP	State Implementation Plan
SO_2	Sulfur dioxide
TDSIC	Transmission, Distribution and Storage System Improvement Charge
TIRF	Targeted Infrastructure Reinvestment Factor
VaR	Value-at-risk and instrument sensitivity to market factors
VIE	Variable Interest Entities
VSCC	Virginia State Corporation Commission
WACOG	Weighted Average Cost of Gas

PART I

ITEM 1. FINANCIAL STATEMENTS

NiSource Inc.
Condensed Statements of Consolidated Income (unaudited)

(in millions, except per share amounts)	Three Months Ended September 30, 2013	Three Months Ended September 30, 2012	Nine Months Ended September 30, 2013	Nine Months Ended September 30, 2012
Net Revenues				
Gas Distribution	$ **255.1**	$ 226.3	$ **1,540.6**	$ 1,382.6
Gas Transportation and Storage	**346.9**	278.3	**1,181.9**	1,043.7
Electric	**413.4**	418.0	**1,175.2**	1,147.7
Other	**61.4**	33.6	**162.8**	63.3
Gross Revenues	**1,076.8**	956.2	**4,060.5**	3,637.3
Cost of Sales (excluding depreciation and amortization)	**243.0**	227.2	**1,268.3**	1,090.3
Total Net Revenues	**833.8**	729.0	**2,792.2**	2,547.0
Operating Expenses				
Operation and maintenance	**468.9**	418.6	**1,375.6**	1,208.2
Depreciation and amortization	**144.5**	125.3	**431.4**	418.0
Gain on sale of assets, net	**(9.8)**	(0.7)	**(10.2)**	(3.8)
Other taxes	**64.3**	62.3	**221.7**	215.3
Total Operating Expenses	**667.9**	605.5	**2,018.5**	1,837.7
Equity Earnings in Unconsolidated Affiliates	**10.5**	8.0	**25.6**	24.2
Operating Income	**176.4**	131.5	**799.3**	[illegible]
Other Income (Deductions)				
Interest expense, net	**(103.7)**	(107.9)	**(304.3)**	(314.4)
Other, net	**4.7**	2.2	**22.1**	5.3
Total Other Deductions	**(99.0)**	(105.7)	**(282.2)**	(309.1)
Income from Continuing Operations before Income Taxes	**77.4**	25.8	**517.1**	424.4
Income Taxes	**27.9**	9.2	**179.2**	147.7
Income from Continuing Operations	**49.5**	16.6	**337.9**	276.7
Income from Discontinued Operations - net of taxes	**0.1**	2.7	**7.5**	5.4
(Loss) Gain on Disposition of Discontinued Operations - net of taxes	**(1.5)**	—	**34.9**	—
Net Income	$ **48.1**	$ 19.3	$ **380.3**	$ 282.1
Basic Earnings Per Share				
Continuing operations	$ **0.16**	$ 0.05	$ **1.08**	$ 0.97
Discontinued operations	—	0.01	**0.14**	0.02
Basic Earnings Per Share	$ **0.16**	$ 0.06	$ **1.22**	$ 0.99
Diluted Earnings Per Share				
Continuing operations	$ **0.16**	$ 0.05	$ **1.08**	$ 0.93
Discontinued operations	—	0.01	**0.14**	0.02
Diluted Earnings Per Share	$ **0.16**	$ 0.06	$ **1.22**	$ 0.95
Dividends Declared Per Common Share	$ **0.25**	$ 0.24	$ **0.98**	$ 0.94
Basic Average Common Shares Outstanding	**312.8**	290.3	**312.1**	285.9
Diluted Average Common Shares	**313.8**	300.0	**313.0**	296.7

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

ITEM 1. FINANCIAL STATEMENTS (continued)

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

(in millions, net of taxes)	Three Months Ended September 30, 2013	Three Months Ended September 30, 2012	Nine Months Ended September 30, 2013	Nine Months Ended September 30, 2012
Net Income	**$ 48.1**	$ 19.3	**$ 380.3**	$ 282.1
Other comprehensive income (loss)				
Net unrealized gain (loss) on available-for-sale securities [1]	**0.9**	0.7	**(2.4)**	(1.8)
Net unrealized gain on cash flow hedges [2]	**0.6**	0.8	**2.0**	2.7
Unrecognized pension benefit and OPEB costs [3]	**0.1**	0.7	**5.5**	2.0
Total other comprehensive income	**1.6**	2.2	**5.1**	2.9
Total Comprehensive Income	**$ 49.7**	$ 21.5	**$ 385.4**	$ 285.0

(1) Net unrealized gain (loss) on available-for-sale securities, net of $ 0.5 million and $ 0.3 million tax expense in the third quarter of 2013 and 2012 , respectively, and $1.3 million and $1.5 million tax benefit for the nine months ended September 30, 2013 and 2012 , respectively.

(2) Net unrealized gains on derivatives qualifying as cash flow hedges, net of $ 0.4 million and $0.6 million tax expense in the third quarter of 2013 and 2012 , respectively, and $1.3 million and $1.8 million tax expense for the nine months ended September 30, 2013 and 2012 , respectively.

(3) Unrecognized pension benefit and OPEB costs, net of zero and $0.2 million tax expense in the third quarter of 2013 and 2012 , respectively, and $3.5 million and $1.0 million tax expense for the nine months ended September 30, 2013 and 2012 , respectively.

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

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Condensed Consolidated Balance Sheets (unaudited)

(in millions)		September 30, 2013		December 31, 2012
ASSETS				
Property, Plant and Equipment				
Utility plant	$	**22,869.7**	$	21,642.3
Accumulated depreciation and amortization		**(9,258.6)**		(8,986.4)
Net utility plant		**13,611.1**		12,655.9
Other property, at cost, less accumulated depreciation		**301.3**		260.0
Net Property, Plant and Equipment		**13,912.4**		12,915.9
Investments and Other Assets				
Unconsolidated affiliates		**327.8**		243.3
Other investments		**201.6**		194.4
Total Investments and Other Assets		**529.4**		437.7
Current Assets				
Cash and cash equivalents		**14.9**		36.3
Restricted cash		**18.3**		46.8
Accounts receivable (less reserve of $20.2 and $24.0, respectively)		**591.0**		907.3
Income tax receivable		**6.4**		130.9
Gas inventory		**454.8**		326.6
Underrecovered gas and fuel costs		**16.4**		45.0
Materials and supplies, at average cost		**99.9**		[illegible]
Electric production fuel, at average cost		**39.8**		71.7
Price risk management assets		**21.1**		0.5
Exchange gas receivable		**84.3**		51.3
Assets of discontinued operations and assets held for sale		**—**		133.9
Regulatory assets		**152.5**		162.8
Prepayments and other		**246.1**		357.2
Total Current Assets		**1,745.5**		2,367.7
Other Assets				
Price risk management assets		**—**		40.7
Regulatory assets		**1,863.2**		2,024.4
Goodwill		**3,666.2**		3,677.3
Intangible assets		**278.4**		286.6
Deferred charges and other		**89.0**		94.4
Total Other Assets		**5,896.8**		6,123.4
Total Assets	$	**22,084.1**	$	21,844.7

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

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

(in millions, except share amounts)	September 30, 2013	December 31, 2012
CAPITALIZATION AND LIABILITIES		
Capitalization		
Common Stockholders' Equity		
Common stock - $0.01 par value, 400,000,000 shares authorized; 313,135,192 and 310,280,867 shares outstanding, respectively	$ **3.2**	$ 3.1
Additional paid-in capital	**4,672.9**	4,597.6
Retained earnings	**1,133.8**	1,059.6
Accumulated other comprehensive loss	**(60.4)**	(65.5)
Treasury stock	**(48.6)**	(40.5)
Total Common Stockholders' Equity	**5,700.9**	5,554.3
Long-term debt, excluding amounts due within one year	**7,089.1**	6,819.1
Total Capitalization	**12,790.0**	12,373.4
Current Liabilities		
Current portion of long-term debt	**541.2**	507.2
Short-term borrowings	**820.8**	776.9
Accounts payable	**369.6**	538.9
Dividends payable	**78.3**	—
Customer deposits and credits	**249.2**	269.6
Taxes accrued	**181.3**	235.5
Interest accrued	**71.6**	133.7
Overrecovered gas and fuel costs	**31.7**	22.1
Price risk management liabilities	**8.8**	8.2
Exchange gas payable	**207.3**	146.2
Deferred revenue	**21.3**	42.8
Regulatory liabilities	**75.5**	171.6
Accrued liability for postretirement and postemployment benefits	**6.1**	6.1
Liabilities of discontinued operations and liabilities held for sale	—	108.6
Legal and environmental reserves	**34.2**	42.2
Other accruals	**308.7**	309.7
Total Current Liabilities	**3,005.6**	3,319.3
Other Liabilities and Deferred Credits		
Price risk management liabilities	**1.5**	2.6
Deferred income taxes	**3,133.5**	2,953.3
Deferred investment tax credits	**21.9**	24.8
Deferred credits	**94.9**	84.1
Noncurrent deferred revenue	**23.1**	—
Accrued liability for postretirement and postemployment benefits	**1,003.1**	1,107.3
Regulatory liabilities and other removal costs	**1,615.9**	1,593.3
Asset retirement obligations	**175.5**	160.4
Other noncurrent liabilities	**219.1**	226.2
Total Other Liabilities and Deferred Credits	**6,288.5**	6,152.0
Commitments and Contingencies (Refer to Note 17)	—	—
Total Capitalization and Liabilities	$ **22,084.1**	$ 21,844.7

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

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ITEM 1. FINANCIAL STATEMENTS (continued)

[illegible]ource Inc.
Condensed Statements of Consolidated Cash Flows (unaudited)

Nine Months Ended September 30, *(in millions)*	2013	2012
Operating Activities		
Net Income	$ 380.3	$ 282.1
Adjustments to Reconcile Net Income to Net Cash from Continuing Operations:		
Depreciation and amortization	431.4	418.0
Net changes in price risk management assets and liabilities	1.9	1.2
Deferred income taxes and investment tax credits	199.1	132.8
Deferred revenue	1.6	(0.7)
Stock compensation expense and 401(k) profit sharing contribution	39.7	33.0
Gain on sale of assets	(10.2)	(3.8)
Income from unconsolidated affiliates	(25.5)	(22.9)
Gain on disposition of discontinued operations - net of tax	(34.9)	
Income from discontinued operations - net of taxes	(7.5)	(5.4)
Amortization of debt related costs	7.0	7.3
AFUDC equity	(12.7)	(4.7)
Distributions of earnings received from equity investees	19.0	25.1
Changes in Assets and Liabilities:		
Accounts receivable	318.4	333.9
Income tax receivable	124.6	(55.1)
Inventories	(103.7)	19.6
Accounts payable	(177.7)	(151.0)
Customer deposits and credits	(20.4)	(50.0)
Taxes accrued	(68.0)	(41.3)
Interest accrued	(62.1)	(29.0)
Over(Under)recovered gas and fuel costs	38.1	(9.1)
Exchange gas receivable/payable	28.1	(10.2)
Other accruals	(36.5)	(90.9)
Prepayments and other current assets	45.5	48.3
Regulatory assets/liabilities	71.5	96.3
Postretirement and postemployment benefits	(95.9)	(11.6)
Deferred credits	11.1	7.6
Deferred charges and other noncurrent assets	11.8	28.1
Other noncurrent liabilities	(6.3)	4.1
Net Operating Activities from Continuing Operations	1,067.7	951.7
Net Operating Activities from (used for) Discontinued Operations	10.9	(9.9)
Net Cash Flows from Operating Activities	1,078.6	941.8
Investing Activities		
Capital expenditures	(1,297.3)	(1,022.2)
Insurance recoveries	6.4	3.0
Proceeds from disposition of assets	17.9	23.6
Restricted cash withdrawals	28.5	95.8
Contributions to equity investees	(77.1)	(11.3)
Other investing activities	(48.4)	(38.1)
Net Investing Activities used for Continuing Operations	(1,370.0)	(949.2)
Net Investing Activities from (used for) Discontinued Operations	118.7	(2.1)
Net Cash Flows used for Investing Activities	(1,251.3)	(951.3)
Financing Activities		

Issuance of long-term debt	**815.3**	991.4
Repayments of long-term debt and capital lease obligations	**(505.2)**	(11.6)
Premiums and other debt related costs	**(3.2)**	[illegible]
Change in short-term borrowings, net	**43.9**	[illegible]
Issuance of common stock	**36.1**	376.4
Acquisition of treasury stock	**(8.0)**	(10.0)
Dividends paid - common stock	**(227.6)**	(198.8)
Net Cash Flows from Financing Activities	**151.3**	10.3
Change in cash and cash equivalents (used for) from continuing operations	**(151.0)**	12.8
Cash contributions from (to) discontinued operations	**129.6**	(12.0)
Cash and cash equivalents at beginning of period	**36.3**	11.5
Cash and Cash Equivalents at End of Period	**$ 14.9**	$ 12.3

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

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

1. Basis of Accounting Presentation

The accompanying Condensed Consolidated Financial Statements (unaudited) for NiSource (the "Company") reflect all normal recurring adjustments that are necessary, in the opinion of management, to present fairly the results of operations in accordance with GAAP in the United States of America.

The accompanying financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in NiSource's Annual Report on Form 10-K for the fiscal year ended December 31, 2012 . Income for interim periods may not be indicative of results for the calendar year due to weather variations and other factors.

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

2. Recent Accounting Pronouncements

There have been no recently issued accounting pronouncements which are expected to have a material impact on the Company's Condensed Consolidated Financial Statements (unaudited) or Notes to the Condensed Consolidated Financial Statements (unaudited).

3. Earnings Per Share

Basic EPS is computed by dividing income available to common stockholders 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, which were settled in the third quarter of 2012. The numerator in calculating both basic and diluted EPS for each period is reported net income. The computation of diluted average common shares follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in thousands)	**2013**	2012	**2013**	2012
Denominator				
Basic average common shares outstanding	**312,842**	290,328	**312,053**	285,891
Dilutive potential common shares:				
Stock options	**112**	197	**102**	159
Shares contingently issuable under employee stock plans	**369**	434	**327**	393
Shares restricted under stock plans	**490**	654	**477**	626
Forward agreements	—	8,399	—	9,609
Diluted Average Common Shares	**313,813**	300,012	**312,959**	296,678

4. Discontinued Operations and Assets and Liabilities Held for Sale

On September 1, 2013, NiSource sold the commercial and industrial natural gas portfolio of its unregulated natural gas marketing business. The sale included the physical contracts and associated financial hedges that comprise the portfolio, as well as the gas inventory and customer deposits of the business. For the three and nine months ended September 30, 2013 , an after tax loss of $1.5 million was included in Loss on Disposition of Discontinued Operations, net of taxes in the Condensed Statements of Consolidated Income (unaudited). The assets and liabilities sold are classified as held for sale as of December 31, 2012 . Refer to Note 7, "Risk Management Activities" for additional information regarding the price risk assets and liabilities of the business.

During 2012, NiSource began marketing to sell the service plan and leasing business lines of its Retail Services business. As of December 31, 2012, the assets and liabilities of the business lines met the criteria to be classified as held for sale in accordance with GAAP. Additionally, the results of operations and cash flows were classified as discontinued operations. The sale of the business lines closed in January 2013 resulting in gain from the disposition of discontinued operations of $36.4 million , net of taxes, which was recorded during the first quarter of 2013.

There were no assets and liabilities of discontinued operations and held for sale on the Condensed Consolidated Balance Sheet (unaudited) at September 30, 2013 .

The assets and liabilities of discontinued operations and held for sale on the Consolidated Balance Sheet at December 31, 2012 by segment were:

(in millions)

Assets of discontinued operations and held for sale:	Property, plant and equipment, net	Price risk management assets	Other Assets	Total
Gas Distribution Operations	$ 21.5	$ —	$ 4.5	$ **26.0**
Electric Operations	—	—	0.7	**0.7**
Corporate and Other	—	107.0	0.2	**107.2**
Total	**$ 21.5**	**$ 107.0**	**$ 5.4**	**$ 133.9**

Liabilities of discontinued operations and held for sale:	Price risk management liabilities	Other Liabilities	Total
Gas Distribution Operations	$ —	$ 3.3	$ **3.3**
Electric Operations	—	0.6	**0.6**
Corporate and Other	104.7	—	[illegible]
Total	**$ 104.7**	**$ 3.9**	**$** [illegible]

Total assets and liabilities of discontinued operations and held for sale in the table above relate to the commercial and industrial portfolio of NiSource's unregulated natural gas marketing business and the service plan and leasing business lines of NiSource's Retail Services business.

Results from discontinued operations are provided in the following table. These results are primarily from NiSource's Retail Services business, a settlement at NiSource's former exploration and production subsidiary, CER, NiSource's unregulated natural gas marketing business and Columbia Propane. For additional information regarding the settlement refer to Note 17-B, "Other Legal Proceedings," in the Notes to Condensed Consolidated Financial Statements (unaudited).

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	**2013**	2012	**2013**	2012
Revenues from Discontinued Operations	**$ 0.4**	$ 10.8	**$ 1.3**	$ 28.8
Income from discontinued operations	**0.1**	4.5	**12.2**	8.6
Income tax expense	**—**	1.8	**4.7**	3.2
Income from Discontinued Operations - net of taxes	**$ 0.1**	$ 2.7	**$ 7.5**	$ 5.4
(Loss) Gain on Disposition of Discontinued Operations - net of taxes	**$ (1.5)**	$ —	**$ 34.9**	$ —

5. Asset Retirement Obligations

Certain costs of removal that have been, and continue to be, included in depreciation rates and collected in the service rates of the rate-regulated subsidiaries are classified as "Regulatory liabilities and other removal costs" on the Condensed Consolidated Balance Sheets (unaudited).

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

Changes in NiSource's liability for asset retirement obligations for the nine months ended September 30, 2013 and 2012 are presented in the table below:

(in millions)	2013	2012
Balance as of January 1,	$ **160.4**	$ 146.4
Accretion expense	**0.9**	0.8
Accretion recorded as a regulatory asset/liability	**6.5**	6.6
Additions	**9.7**	—
Settlements	**(1.3)**	(0.7)
Change in estimated cash flows	**(0.7)**	(1.1)
Balance as of September 30,	$ **175.5**	$ 152.0

6. Regulatory Matters

Gas Distribution Operations Regulatory Matters

Significant Rate Developments . On April 30, 2013, Indiana Governor Pence signed Senate Enrolled Act 560 into law. Among other provisions, this legislation provides for cost recovery outside of a base rate proceeding for new or replacement electric and gas transmission, distribution, and storage projects that a public utility undertakes for the purposes of safety, reliability, system modernization, or economic development. The cost recovery mechanism is referred to as a Transmission, Distribution and Storage System Improvement Charge or "TDSIC." Provisions of the TDSIC require that, among other things, requests for recovery include a seven year plan of eligible investments. Once the plan is approved by the IURC, 80 percent of eligible costs can be recovered using a periodic rate adjustment mechanism. Recoverable costs include a return on, and of, the investment, including AFUDC, post in service carrying charges, operation and maintenance expenses, depreciation, and property taxes. The remaining 20 percent of recoverable costs are to be deferred for future recovery in the public utility's next general rate case. The periodic rate adjustment mechanism is capped at an annual increase of no more than two percent of total retail revenues. On October 3, 2013, Northern Indiana filed its gas TDSIC with the IURC. The filing included the seven year plan of eligible investments for a total of $710.0 million . An order is expected by the second quarter of 2014.

On June 18, 2013, Northern Indiana, the OUCC and other customer stakeholder groups filed a unanimous agreement with the IURC to extend Northern Indiana's 2010 natural gas customer rate settlement through 2020. The Settlement Agreement was approved by order issued on August 28, 2013 with the stipulation that, on or before November 2020, Northern Indiana must file a general rate case.

On April 15, 2013, Columbia of Ohio filed an application that seeks authority to reduce its Percentage of Income Payment Plan Rider. This revised rate, which will result in an annual reduction of revenues by approximately $6.7 million , became effective May 31, 2013.

On April 15, 2013, Columbia of Ohio filed an application to reduce its Uncollectible Expense Rider by $16.5 million . On May 29, 2013, the PUCO issued an Entry that approved the revised Uncollectible Expense Rider.

On April 1, 2013, Columbia of Ohio filed an application that seeks authority to recover the $8.2 million base chip transition cost currently deferred. By Order dated August 28, 2013, the PUCO approved Columbia of Ohio's application.

On December 24, 2012, Columbia of Ohio filed an application for authority to continue its capital expenditure program in 2013 and succeeding years, and for the authority to defer the related post in-service carrying charges, depreciation expense, and property taxes on the assets of the capital expenditure program placed into service in 2013. The corresponding expenditures are expected to total approximately $8.0 million in 2013. By Order dated October 9, 2013, the PUCO approved the application.

On November 30, 2012, Columbia of Ohio filed a Notice of Intent to file an application to adjust rates associated with its IRP and DSM Riders. Columbia of Ohio filed its Application on February 28, 2013 and indicated that Columbia of Ohio is seeking to increase revenues by approximately $29 million . A stipulation resolving all issues was filed on April 9, 2013, and a hearing was held on April 11, 2013. On April 24, 2013, the PUCO approved the stipulation.

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

On May 29, 2013, Columbia of Kentucky filed an application with the Kentucky PSC requesting an increase of approximately $16.6 million in base rate revenues, the use of a forecasted test period and a revenue normalization adjustment to recognize changes in customer usage not included in Columbia of Kentucky's current weather normalization adjustment. The parties are engaged in settlement negotiations, and a hearing is scheduled for November 13, 2013. If approved, new rates are expected to go into effect in January 2014.

On September 28, 2012, Columbia of Pennsylvania filed a base rate case with the Pennsylvania PUC, seeking a revenue increase of approximately $77.3 million annually and providing three options for residential rate design in order to mitigate revenue volatility associated with usage based rates. Columbia of Pennsylvania is the first utility in Pennsylvania to seek Pennsylvania PUC approval to design rates to recover costs that are projected to be incurred after the implementation of those new rates, as authorized by the Pennsylvania General Assembly with the passage of Act 11 of 2012. Accordingly, Columbia of Pennsylvania's filing sought to implement rates in July 2013 under which Columbia of Pennsylvania would immediately begin to recover costs that are projected for the twelve-month period ending June 30, 2014. On March 15, 2013, the parties to the rate case filed a joint petition formally seeking Pennsylvania PUC approval of a settlement featuring a revenue increase of $55.3 million annually and the implementation of a Weather Normalization Adjustment, whereby residential charges are adjusted in the event of winter temperatures that deviate from historic norms by plus or minus five percent. The Pennsylvania PUC issued an order approving the settlement on May 23, 2013, and new rates went into effect July 1, 2013.

On July 3, 2013, the VSCC issued an order approving an amendment to Columbia of Virginia's infrastructure tracking mechanism pursuant to the Steps to Advance Virginia's Energy ("SAVE") Plan Act. Columbia of Virginia's five year SAVE Plan provides for recovery of costs associated with the accelerated replacement of certain facilities designed to improve system safety or reliability through a rate rider. The amendment increases authorized annual investments by $5 million from 2013 through 2016, to $25 million per year. In addition, the amendment expands the types of infrastructure eligible for the tracking mechanism and affords Columbia of Virginia additional flexibility with respect to annual and total plan limitations on expenditures.

On April 16, 2013, Columbia of Massachusetts submitted a filing with the Massachusetts DPU requesting an annual revenue requirement increase of $30.1 million . An order is expected by February 28, 2014, with new rates going into effect on March 1, 2014. Pursuant to the procedural schedule for this case, on September 3, 2013, Columbia of Massachusetts filed its updated revenue requirement of $29.5 million and on October 16, 2013, filed an updated cost of service for $30 million. Evidentiary hearings began on October 2, 2013.

On September 3, 2013, Columbia of Massachusetts and the Massachusetts Office of the Attorney General filed a Joint Motion for Approval of a Settlement Agreement with the Massachusetts DPU which resolves issues related to the disposition of revenues realized by Columbia of Massachusetts in 2005 from MASSPOWER's buy-out of a special contract with Columbia of Massachusetts, and which are currently pending before the Massachusetts DPU in D.P.U. 10-10. The Settlement Agreement proposed to return $8.9 million to the customers of Columbia of Massachusetts in the form of a Distribution Rate Credit on their bills during the period November 1, 2013 through April 30, 2014. On October 16, 2013, the DPU issued an order approving the Settlement Agreement.

On March 7, 2013, the Massachusetts DPU issued its final order approving $10.5 million of decoupling revenues for Columbia of Massachusetts' Peak Period RDAF that was effective November 1, 2012 through April 30, 2013.

On February 27, 2013, Columbia of Maryland filed a base rate case with the Maryland PSC, seeking a revenue increase of approximately $5.3 million annually and seeking to implement a residential Revenue Normalization Adjustment in order to decouple revenues from customer usage and seeking to recover costs for environmental remediation associated with a former manufactured gas plant operated by a Columbia of Maryland predecessor in Hagerstown, Maryland, where a Columbia of Maryland service center is currently located. Hearings were held in June 2013. On September 23, 2013, the Maryland PSC issued an order that approved an annual revenue increase of $3.6 million , as well as Columbia of Maryland's proposed revenue normalization adjustment. The Maryland PSC permitted recovery of environmental remediation costs for the service center property, but denied recovery of the costs to acquire and remediate the adjacent property. On October 23, 2013, Columbia of Maryland filed a Petition for Judicial Review of the denial of the costs to acquire and remediate the adjacent property. New rates went into effect on September 25, 2013.

Cost Recovery and Trackers . A significant portion of the distribution companies' revenue is related to the recovery of gas costs, the review and recovery of which occurs via standard regulatory proceedings. All states 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

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

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

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

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

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

Columbia Pipeline Group (formerly known as Gas Transmission and Storage) Operations Regulatory Matters

Columbia Transmission Customer Settlement. On January 24, 2013, the FERC approved the Columbia Transmission Customer Settlement (the "Settlement"). In March 2013, Columbia Transmission paid $88.1 million in refunds to customers pursuant to the Settlement with its customers in conjunction with its comprehensive interstate natural gas pipeline modernization program. The refunds were made as part of the Settlement, which included a $50.0 million refund to max rate contract customers and a base rate reduction retroactive to January 1, 2012. Columbia Transmission expects to invest approximately $1.5 billion over a five-year period to modernize its system to improve system integrity and enhance service reliability and flexibility. The Settlement with firm customers includes an initial five-year term with provisions for potential extensions thereafter.

The Settlement also provided for a depreciation rate reduction to 1.5% and elimination of negative salvage rate effective January 1, 2012 and for a second base rate reduction, which begins January 1, 2014, which equates to approximately $25 million in revenues annually thereafter.

The Settlement includes a Capital Cost Recovery Mechanism (CCRM), a tracker mechanism that will allow Columbia Transmission to recover, through an additive capital demand rate, its revenue requirement for capital investments made under Columbia Transmission's long-term plan to modernize its interstate transmission system. The CCRM provides for a 14% revenue requirement with a portion designated as a recovery of increased taxes other than income taxes. The additive demand rate is earned on costs associated with projects placed into service by October 31 each year. The initial additive demand rate will be effective on February 1, 2014. The CCRM will give Columbia Transmission the opportunity to recover its revenue requirement associated with $1.5 billion investment in the modernization program, while maintaining competitive rates for its shippers. The CCRM recovers the revenue requirement associated with qualifying modernization costs that Columbia Transmission incurs after satisfying the requirement associated with $100.0 million in annual capital maintenance expenditures. The CCRM applies to Columbia Transmission's transportation shippers. The CCRM will not exceed $300.0 million per year in investment in eligible facilities, subject to a 15% annual tolerance and a total cap of $1.5 billion for the entire five-year initial term.

Chesapeake, Virginia LNG Facility Modernization. In connection with long-term extensions of their expiring service agreements, the three customers of Columbia Transmission's Chesapeake, Virginia LNG peaking facility agreed to fund upgrades to modernize the facility. Under the settlement, Columbia Transmission will invest approximately $30 million to upgrade the facility and each customer will extend its contract for 15 years. The settlement was filed with the FERC on February 28, 2013 and approved without modification on June 3, 2013. The project's first phase is scheduled to be complete in the fourth quarter of 2013.

Cost Recovery Trackers. A significant portion of the transmission and storage regulated companies' revenue is related to the recovery of their operating costs, the review and recovery of which occurs via standard regulatory proceedings with the FERC under section 7 of the Natural Gas Act. However, certain operating costs of the NiSource regulated transmission and storage companies are significant and recurring in nature, such as fuel for compression and lost and unaccounted for gas. The FERC allows for the recovery of such costs via cost tracking mechanisms. These tracking mechanisms allow the transmission and storage companies' rates to fluctuate in response to changes in certain operating costs or conditions as they occur to facilitate the timely recovery of its costs incurred. The tracking mechanisms involve a rate adjustment that is filed at a predetermined frequency, typically annually, with the FERC and is subject to regulatory review before new rates go into effect. Other such costs under regulatory tracking mechanisms include upstream pipeline transmission, electric compression, environmental, and operational purchases and sales of natural gas.

Electric Operations Regulatory Matters

Significant Rate Developments . As part of a multi-state effort to strengthen the electric transmission system serving the Midwest, Northern Indiana anticipates making investments in two projects that were authorized by the MISO and are scheduled to be in service during the latter part of the decade. On July 19, 2012 and December 19, 2012, the FERC issued orders approving construction work in progress in rate base and abandoned plant cost recovery requested by Northern Indiana, for the 100-mile, 345 kV transmission project and its right to develop 50 percent of the 66-mile, 765 kV project. On December 19, 2012, the FERC issued an order authorizing Northern Indiana's request to transition to forward looking rates, allowing more timely recovery of Northern Indiana's investment in transmission assets. Northern Indiana began recording revenue in the first quarter of 2013 using a forward looking rate, based on an average construction work in progress balance of $19.8 million . For the nine months ended September 30, 2013 revenue of $2.3 million was recorded.

On July 19, 2013, Northern Indiana filed its electric TDSIC, further discussed above, with the IURC. The filing included the seven year plan of eligible investments for a total of approximately $1.1 billion with the majority of the spend occurring in years 2016 through 2020. An order is expected by the first quarter of 2014.

Cost Recovery and Trackers . A significant portion of Northern Indiana's revenue is related to the recovery of fuel costs to generate power and the fuel costs related to purchased power. These costs are recovered through a FAC, a standard, quarterly, "summary" regulatory proceeding in Indiana.

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

Northern Indiana has approval from the IURC to recover certain environmental related costs through an ECT. Under the ECT, Northern Indiana is permitted to recover (1) AFUDC and a return on the capital investment expended by Northern Indiana to implement environmental compliance plan projects through an ECRM and (2) related operation and maintenance and depreciation expenses once the environmental facilities become operational through an EERM.

On October 10, 2013, the IURC issued an order approving Northern Indiana's MATS Compliance Projects. Refer to Note 17-C, "Environmental Matters," for additional information on the MATS rule. The Order approved estimated capital costs of $59.3 million and granted the requested ratemaking relief and accounting treatment associated with these projects through the annual EERM and semi-annual ECRM tracker filings.

On April 24, 2013, the IURC issued an order on ECR-21 approving Northern Indiana's request to begin earning a return on net capital expenditures of $376.4 million . On August 1, 2013, Northern Indiana filed ECR-22 requesting a return on net capital expenditures of $478.8 million , an increase of $102.4 million from ECR-21.

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

7. Risk Management Activities

NiSource is exposed to certain risks relating to its ongoing business operations. The primary risks managed by using derivative instruments are commodity price risk and interest rate risk. Derivative natural gas contracts are entered into to manage the price risk associated with natural gas price volatility and to secure forward natural gas prices. Interest rate swaps are entered into to manage interest rate risk or fair value risk associated with NiSource's borrowings. NiSource designates some of its commodity forward contracts as cash flow hedges of forecasted purchases of commodities and designates its interest rate swaps as fair value hedges of fixed-rate borrowings. Additionally, certain NiSource subsidiaries enter into forward physical contracts with various third parties to procure or sell natural gas or power. Certain forward physical contracts are derivatives which qualify for, and for which NiSource may elect, the normal purchase and normal sales exception which do not require mark-to-market accounting.

Accounting Policy for Derivative Instruments. The ASC topic on accounting for derivatives and hedging requires an entity to recognize all derivatives as either assets or liabilities on the Condensed Consolidated Balance Sheets (unaudited) at fair value, unless such contracts are exempted, such as normal purchase and normal sale contracts under the provisions of the ASC topic. The accounting for changes in the fair value of a derivative depends on the intended use of the derivative and resulting designation.

NiSource uses a variety of derivative instruments (exchange traded futures and options, physical forwards and options, commodity swaps, and interest rate swaps) to effectively manage its commodity price risk and interest rate risk exposure. If certain conditions are met, a derivative may be specifically designated as (a) a hedge of the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment, or (b) a hedge of the exposure to variable cash flows of a forecasted transaction. In order for a derivative contract to be designated as a hedge, the relationship between the hedging instrument and the hedged item or transaction must be highly effective. The effectiveness test is performed at the inception of the hedge and each reporting period thereafter, throughout the period that the hedge is designated. Any amounts determined to be ineffective are recognized currently in earnings. For derivative contracts that qualify for the normal purchase and normal sales exception, a contract's fair value is not recognized in the Condensed Consolidated Financial Statements (unaudited) until the contract is settled.

Unrealized and realized gains and losses are recognized each period as components of AOCI, regulatory assets and liabilities or earnings depending on the designation of the derivative instrument and regulatory accounting treatment. For subsidiaries that utilize derivatives for cash flow hedges, the effective portions of the gains and losses are recorded to AOCI and are recognized in earnings concurrent with the disposition of the hedged risks. If a forecasted transaction corresponding to a cash flow hedge is no longer probable to occur, the accumulated gains or losses on the derivative are recognized currently in earnings. For fair value hedges, the gains and losses are recorded in earnings each period together with the change in the fair value of the hedged item. As a result of the rate-making process, the rate-regulated subsidiaries generally record gains and losses as regulatory liabilities or assets and recognize such gains or losses in earnings when both the contracts settle and the physical commodity flows. These gains and losses recognized in earnings are then subsequently recovered or passed back to customers in revenues through rates. When gains and losses are recognized in earnings, they are recognized in revenues or cost of sales for derivatives that correspond to commodity risk activities and are recognized in interest expense for derivatives that correspond to interest-rate risk activities.

For its commodity price risk programs, NiSource has elected not to net the fair value amounts of its derivative instruments or the fair value amounts recognized for its right to receive or obligation to pay cash collateral arising from those derivative instruments recognized at fair value, which are executed with the same counterparty under a master netting arrangement. NiSource discloses amounts recognized for the right to reclaim cash collateral within "Restricted cash" and amounts recognized for the obligation to return cash collateral within "Other accruals" on the Condensed Consolidated Balance Sheets (unaudited).

Commodity Price Risk Programs . NiSource and NiSource's utility customers are exposed to variability in cash flows associated with natural gas purchases and volatility in natural gas prices. NiSource purchases natural gas for sale and delivery to its retail, commercial and industrial customers, and for most customers the variability in the market price of gas is passed through in their rates. Some of NiSource's utility subsidiaries offer programs where variability in the market price of gas is assumed by the respective utility. The objective of NiSource's commodity price risk programs is to mitigate this gas cost variability, for NiSource or on behalf of its customers, associated with natural gas purchases or sales by economically hedging the various gas cost components by using a combination of futures, options, forward physical contracts or other derivative contracts. Northern Indiana also uses derivative contracts to minimize risk associated with power price volatility. These commodity price risk programs and their respective accounting treatment are described below.

Northern Indiana, Columbia of Pennsylvania, Columbia of Kentucky and Columbia of Virginia use NYMEX futures and NYMEX options to minimize risk associated with gas price volatility. These derivative programs must be marked to fair value, but because

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

these derivatives are used within the framework of the companies' GCR or FAC mechanism, regulatory assets or liabilities are recorded to offset the change in the fair value of these derivatives.

Northern Indiana and Columbia of Virginia offer a fixed price program as an alternative to the standard GCR mechanism. These services provide certain customers with the opportunity to either lock in their gas cost or place a cap on the gas costs that would be charged in future months. In order to hedge the anticipated physical purchases associated with these obligations, forward physical contracts, NYMEX futures and NYMEX options are used to secure forward gas prices. The accounting treatment elected for these contracts is varied in that certain of these contracts have been accounted for as cash flow hedges while some contracts are not. The accounting treatment is based on the election of the company. The normal purchase and normal sales exception is elected for forward physical contracts associated with these programs where delivery of the commodity is probable to occur.

Northern Indiana also offers a DependaBill program to its customers as an alternative to the standard tariff rate that is charged to residential customers. The program allows Northern Indiana customers to fix their total monthly bill in future months at a flat rate regardless of gas usage or commodity cost. In order to hedge the anticipated physical purchases associated with these obligations, forward physical contracts, NYMEX futures and NYMEX options have been used to secure forward gas prices. The normal purchase and normal sales exception is elected for forward physical contracts associated with these programs where delivery of the commodity is probable to occur.

Northern Indiana enters into gas purchase contracts at first of the month prices that give counterparties the daily option to either sell an additional package of gas at first of the month prices or recall the original volume to be delivered. Northern Indiana charges a fee for this option. The changes in the fair value of these options are primarily due to the changing expectations of the future intra-month volatility of gas prices. These written options are derivative instruments, must be marked to fair value and do not meet the requirement for hedge accounting treatment. However, Northern Indiana records the related gains and losses associated with these transactions as a regulatory asset or liability.

Columbia of Kentucky, Columbia of Ohio and Columbia of Pennsylvania enter into contracts that allow counterparties the option to sell gas to them at first of the month prices for a particular month of delivery. These Columbia LDCs charge the counterparties a fee for this option. The changes in the fair value of the options are primarily due to the changing expectations of the future intra-month volatility of gas prices. The Columbia LDCs defer a portion of the change in the fair value of the options as either a regulatory asset or liability based on the regulatory customer sharing mechanisms in place, with the remaining changes in fair value recognized currently in earnings.

As part of the MISO Day 2 initiative, Northern Indiana was allocated or has purchased FTRs. These FTRs help Northern Indiana offset congestion costs due to the MISO Day 2 activity. The FTRs are marked to fair value and are not accounted for as a hedge, but since congestion costs are recoverable through the fuel cost recovery mechanism, the related gains and losses associated with marking these derivatives to market are recorded as a regulatory asset or liability. In the second quarter of 2008, MISO changed its allocation procedures from an allocation of FTRs to an allocation of ARRs, whereby Northern Indiana was allocated ARRs based on its historical use of the MISO administered transmission system. ARRs entitle the holder to a stream of revenues or charges based on the price of the associated FTR in the FTR auction, so ARRs can be used to purchase FTRs in the FTR auction. ARRs are not derivatives.

On September 1, 2013, NiSource sold the commercial and industrial natural gas portfolio of its unregulated natural gas marketing business. The sale included the physical contracts and associated financial hedges that comprise the portfolio, as well as the gas inventory and customer deposits of the business. The physical sales contracts marked-to-market had a fair value of approximately $35.4 million at December 31, 2012 , while the financial derivative contracts marked-to-market had a fair value loss of $33.2 million at December 31, 2012 . These amounts have been reclassified to held for sale as of December 31, 2012. Refer to Note 4, "Discontinued Operations and Assets and Liabilities Held for Sale" for additional information regarding the transaction.

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

Commodity price risk program derivative contracted gross volumes are as follows:

	September 30, 2013	December 31, 2012
Commodity Price Risk Program:		
Gas price volatility program derivatives (MMDth)	**25.8**	26.3
Price Protection Service program derivatives (MMDth)	**1.0**	1.2
DependaBill program derivatives (MMDth)	**0.3**	0.3
Gas marketing program derivatives (MMDth) [1][3]	—	9.1
Gas marketing forward physical derivatives (MMDth) [2][3]	—	8.4
Electric energy program FTR derivatives (mw)	**1,218.2**	8,927.3

[1] Basis contract volumes not included in the above table were 8.2 MMDth as of December 31, 2012 .

[2] Basis contract volumes not included in the above table were 9.2 MMDth as of December 31, 2012 .

[3] Contract volumes are from NiSource's unregulated natural gas marketing business that was sold on September 1, 2013.

Interest Rate Risk Activities . NiSource recognizes that the prudent and selective use of derivatives may help it to lower its cost of debt capital and manage its interest rate exposure. NiSource Finance has entered into various "receive fixed" and "pay floating" interest rate swap agreements which modify the interest rate characteristics of a portion of its outstanding long-term debt from fixed to variable rate. These interest rate swaps also serve to hedge the fair market value of NiSource Finance's outstanding debt portfolio. As of September 30, 2013 , NiSource had $7.2 billion of outstanding fixed rate debt, of which $500 million is subject to fluctuations in interest rates as a result of the fixed-to-variable interest rate swap transactions. These interest rate swaps are designated as fair value hedges. NiSource had no net gain or loss recognized in earnings due to hedging ineffectiveness for the nine months ended September 30, 2013 and 2012 .

On July 22, 2003, NiSource Finance entered into fixed-to-variable interest rate swap agreements in a notional amount of $500 million with four counterparties which will expire on July 15, 2014. NiSource Finance receives payments based upon a fixed 5.40% interest rate and pays a floating interest amount based on U.S. 6-month BBA LIBOR plus an average of 0.78% per annum. There was no exchange of premium at the initial date of the swaps.

Contemporaneously with the issuance on September 16, 2005 of $1 billion of its 5.25% and 5.45% notes, maturing September 15, 2017 and 2020, respectively, NiSource Finance settled $900 million of forward starting interest rate swap agreements with six counterparties. NiSource paid an aggregate settlement payment of $35.5 million which is being amortized from AOCI to interest expense over the term of the underlying debt, resulting in an effective interest rate of 5.67% and 5.88% , respectively. As of September 30, 2013 , AOCI includes $8.6 million related to forward starting interest rate swap settlement, net of tax. These derivative contracts are accounted for as a cash flow hedge.

As of September 30, 2013 , NiSource holds a 47.5% interest in Millennium. As NiSource reports Millennium as an equity method investment, NiSource is required to recognize a proportional share of Millennium's OCI. NiSource's proportionate share of the remaining unrecognized loss associated with settled interest rate swaps is $17.9 million , net of tax, as of September 30, 2013 . Millennium is amortizing the losses related to these terminated interest rate swaps into earnings using the effective interest method through interest expense as interest payments are made. NiSource records its proportionate share of the amortization as Equity Earnings in Unconsolidated Affiliates in the Condensed Statements of Consolidated Income (unaudited).

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

NiSource's location and fair value of derivative instruments on the Condensed Consolidated Balance Sheets (unaudited) were:

Asset Derivatives *(in millions)*		**September 30, 2013**		December 31, 2012
Balance Sheet Location		**Fair Value**		Fair Value
Derivatives designated as hedging instruments				
Interest rate risk activities				
Price risk management assets (current)	$	21.0	$	—
Price risk management assets (noncurrent)		—		40.4
Total derivatives designated as hedging instruments	$	21.0	$	40.4
Derivatives not designated as hedging instruments				
Commodity price risk programs				
Price risk management assets (current)	$	0.1	$	0.5
Price risk management assets (noncurrent)		—		0.3
Assets held for sale (current) [1]		—		107.0
Total derivatives not designated as hedging instruments	$	0.1	$	107.8
Total Asset Derivatives	$	21.1	$	148.2

[1] Prior to the classification as "Assets held for sale," $15.3 million was classified as noncurrent.

Liability Derivatives *(in millions)*		**September 30, 2013**		December 31, 2012
Balance Sheet Location		**Fair Value**		Fair Value
Derivatives designated as hedging instruments				
Commodity price risk programs				
Price risk management liabilities (current)	$	0.1	$	0.1
Price risk management liabilities (noncurrent)		—		—
Total derivatives designated as hedging instruments	$	0.1	$	0.1
Derivatives not designated as hedging instruments				
Commodity price risk programs				
Price risk management liabilities (current)	$	8.7	$	8.1
Price risk management liabilities (noncurrent)		1.5		2.6
Liabilities held for sale (current) [2]		—		104.7
Total derivatives not designated as hedging instruments	$	10.2	$	115.4
Total Liability Derivatives	$	10.3	$	115.5

[2] Prior to the classification as "Liabilities held for sale," $17.7 million was classified as noncurrent.

As noted in NiSource's accounting policy for derivative instruments, above, for its commodity price risk programs, NiSource has elected not to net fair value amounts for its derivative instruments or the fair value amounts recognized for its right to receive cash collateral or obligation to pay cash collateral arising from those derivative instruments recognized at fair value, which are executed with the same counterparty under a master netting arrangement.

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

The tables below represent the amounts subject to an enforceable master netting arrangement not otherwise disclosed:

Offsetting of Derivative Assets ***(in millions)***
As of September 30, 2013

	Gross Amounts of Recognized Assets	Gross Amounts Offset in the Statement of Financial Position	Net Amounts of Assets Presented in the Statement of Financial Position	Gross Amounts Not Offset in the Statement in the Statement of Financial Position	Net Amount
Counterparty A [1]	$ —	$ —	$ —	$ —	$ —
Counterparty B	0.1	—	0.1	(10.3)	(10.2)
Other [2]	21.0	—	21.0	—	21.0
Total	$ 21.1	$ —	$ 21.1	$ (10.3)	$ 10.8

Offsetting of Derivative Liabilities ***(in millions)***
As of September 30, 2013

	Gross Amounts of Recognized Liabilities	Gross Amounts Offset in the Statement of Financial Position	Net Amounts of Liabilities Presented in the Statement of Financial Position	Gross Amounts Not Offset in the Statement in the Statement of Financial Position	Net Amount
Counterparty A [1]	$ —	$ —	$ —	$ —	$ —
Counterparty B	(10.3)	—	(10.3)	10.3	—
Other [2]	—	—	—	—	—
Total	$ (10.3)	$ —	$ (10.3)	$ 10.3	$ —

Offsetting of Derivative Assets ***(in millions)***
As of December 31, 2012

	Gross Amounts of Recognized Assets	Gross Amounts Offset in the Statement of Financial Position	Net Amounts of Assets Presented in the Statement of Financial Position	Gross Amounts Not Offset in the Statement in the Statement of Financial Position	Net Amount
Counterparty A [1]	$ 71.8	$ —	$ 71.8	$ (71.8)	$ —
Counterparty B	0.9	—	0.9	(0.9)	—
Other [2]	75.5	—	75.5	—	75.5
Total	$ 148.2	$ —	$ 148.2	$ (72.7)	$ 75.5

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

Offsetting of Derivative Liabilities ***(in millions)***
As of December 31, 2012

	Gross Amounts of Recognized Liabilities	Gross Amounts Offset in the Statement of Financial Position	Net Amounts of Liabilities Presented in the Statement of Financial Position	Gross Amounts Not Offset in the Statement in the Statement of Financial Position	Net Amount
Counterparty A [1]	$ (103.4)	$ —	$ (103.4)	$ 71.8	$ (31.6)
Counterparty B	(10.8)	—	(10.8)	0.9	(9.9)
Other [2]	(1.3)	—	(1.3)	—	(1.3)
Total	$ (115.5)	$ —	$ (115.5)	$ 72.7	$ (42.8)

[1] Amounts in "Counterparty A" are balances from the commercial and industrial natural gas portfolio of NiSource's unregulated natural gas marketing business which was sold on September 1, 2013, and are included in assets and liabilities held for sale. Refer to Note 4, "Discontinued Operations and Assets and Liabilities Held for Sale" for additional information regarding the transaction.

[2] Amounts in "Other" include physical positions with counterparties that are part of NiSource's unregulated natural gas marketing business as well as fixed-to-variable interest rate swap agreements entered into by NiSource.

The effect of derivative instruments on the Condensed Statements of Consolidated Income (unaudited) was:

Derivatives in Cash Flow Hedging Relationships

Three Months Ended (*in millions*)

Derivatives in Cash Flow Hedging Relationships	Amount of Gain Recognized in OCI on Derivative (Effective Portion) September 30, 2013	Amount of Gain Recognized in OCI on Derivative (Effective Portion) September 30, 2012	Location of Loss Reclassified from AOCI into Income (Effective Portion)	Amount of Loss Reclassified from AOCI into Income (Effective Portion) September 30, 2013	Amount of Loss Reclassified from AOCI into Income (Effective Portion) September 30, 2012
Commodity price risk programs	$ —	$ 0.2	Cost of Sales	$ —	$ —
Interest rate risk activities	—	0.4	Interest expense, net	**(0.4)**	(0.7)
Total	$ —	$ 0.6		$ **(0.4)**	$ (0.7)

Nine Months Ended (*in millions*)

Derivatives in Cash Flow Hedging Relationships	Amount of Gain Recognized in OCI on Derivative (Effective Portion) September 30, 2013	Amount of Gain Recognized in OCI on Derivative (Effective Portion) September 30, 2012	Location of Gain (Loss) Reclassified from AOCI into Income (Effective Portion)	Amount of Gain (Loss) Reclassified from AOCI into Income (Effective Portion) September 30, 2013	Amount of Gain (Loss) Reclassified from AOCI into Income (Effective Portion) September 30, 2012
Commodity price risk programs	$ —	$ 0.8	Cost of Sales	$ **0.1**	$ (0.8)
Interest rate risk activities	—	1.2	Interest expense, net	**(1.2)**	(2.0)
Total	$ —	$ 2.0		$ **(1.1)**	$ (2.8)

There was no income statement recognition of gains or losses for the ineffective portion and amounts excluded from effectiveness testing for derivatives in cash flow hedging relationships for the three and nine months ended September 30, 2013 and 2012 .

It is anticipated that during the next twelve months the expiration and settlement of cash flow hedge contracts will result in income statement recognition of amounts currently classified in AOCI of approximately $0.1 million of loss, net of taxes.

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ITEM 1. FINANCIAL STATEMENTS (continued)

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

Derivatives in Fair Value Hedging Relationships

Three Months Ended *(in millions)*

Derivatives in Fair Value Hedging Relationships	Location of Loss Recognized in Income on Derivatives	Amount of Loss Recognized in Income on Derivatives	
		September 30, 2013	September 30, 2012
Interest rate risk activities	Interest expense, net	**$ (9.9)**	$ (8.3)
Total		**$ (9.9)**	$ (8.3)

Nine Months Ended *(in millions)*

Derivatives in Fair Value Hedging Relationships	Location of Loss Recognized in Income on Derivatives	Amount of Loss Recognized in Income on Derivatives	
		September 30, 2013	September 30, 2012
Interest rate risk activities	Interest expense, net	**$ (19.4)**	$ (16.5)
Total		**$ (19.4)**	$ (16.5)

Three Months Ended *(in millions)*

Hedged Item in Fair Value Hedge Relationships	Location of Gain Recognized in Income on Related Hedged Item	Amount of Gain Recognized in Income on Related Hedged Items	
		September 30, 2013	September 30, 20[illegible]
Fixed-rate debt	Interest expense, net	**$ 9.9**	$ [illegible]
Total		**$ 9.9**	$ 8.3

Nine Months Ended *(in millions)*

Hedged Item in Fair Value Hedge Relationships	Location of Gain Recognized in Income on Related Hedged Item	Amount of Gain Recognized in Income on Related Hedged Items	
		September 30, 2013	September 30, 2012
Fixed-rate debt	Interest expense, net	**$ 19.4**	$ 16.5
Total		**$ 19.4**	$ 16.5

Derivatives not designated as hedging instruments

Three Months Ended *(in millions)*

Derivatives Not Designated as Hedging Instruments	Location of Gain (Loss) Recognized in Income on Derivatives	Amount of Realized/Unrealized Gain (Loss) Recognized in Income on Derivatives *	
		September 30, 2013	September 30, 2012
Commodity price risk programs	Gas Distribution revenues	**$ —**	$ —
Commodity price risk programs	Other revenues	**—**	—
Commodity price risk programs	Cost of Sales	**6.6**	6.8
Commodity price risk programs	(Loss) Income from Discontinued Operations - net of taxes	**(1.2)**	0.6
Total		**$ 5.4**	$ [illegible]

* For the amounts of realized/unrealized gain (loss) recognized in income on derivatives disclosed in the table above, gains of $6.7 million and $6.8 million for the three months ended September 30, 2013 and 2012 , respectively, were deferred as allowed per regulatory orders. These amounts will be amortized to income over future periods of up to twelve months as specified in a regulatory order.

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

Nine Months Ended *(in millions)*

Derivatives Not Designated as Hedging Instruments	Location of Gain (Loss) Recognized in Income on Derivatives	Amount of Realized/Unrealized Gain (Loss) Recognized in Income on Derivatives *	
		September 30, 2013	September 30, 2012
Commodity price risk programs	Gas Distribution revenues	**$ —**	$ 0.3
Commodity price risk programs	Other revenues	**—**	—
Commodity price risk programs	Cost of Sales	**7.5**	(8.6)
Commodity price risk programs	(Loss) Income from Discontinued Operations - net of taxes	**(0.8)**	2.8
Total		**$ 6.7**	$ (5.5)

* For the amounts of realized/unrealized gain (loss) recognized in income on derivatives disclosed in the table above, a gain of $7.6 million for the nine months ended September 30, 2013 and a loss of $8.3 million for the nine months ended 2012 were deferred as allowed per regulatory orders. These amounts will be amortized to income over future periods of up to twelve months as specified in a regulatory order.

NiSource's derivative instruments measured at fair value as of September 30, 2013 and December 31, 2012 do not contain any credit-risk-related contingent features.

Certain NiSource affiliates have physical commodity purchase agreements that contain "ratings triggers" that require increases in collateral if the credit rating of NiSource or certain of its affiliates are rated below BBB- by Standard & Poor's or below Baa3 by Moody's. These agreements are primarily for the physical purchase or sale of natural gas and electricity. The collateral requirement from a downgrade below the ratings trigger levels would amount to approximately $0.8 million . In addition to agreements with ratings triggers, there are some agreements that contain "adequate assurance" or "material adverse change" provisions that could result in additional credit support such as letters of credit and cash collateral to transact business.

NiSource had $13.5 million and $45.7 million of cash on deposit with brokers for margin requirements associated with open derivative positions reflected within "Restricted cash" on the Condensed Consolidated Balance Sheets (unaudited) as of September 30, 2013 and December 31, 2012 , respectively.

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

8. Fair Value Disclosures

A. Fair Value Measurements

Recurring Fair Value Measurements. The following tables present financial assets and liabilities measured and recorded at fair value on NiSource's Condensed Consolidated Balance Sheets (unaudited) on a recurring basis and their level within the fair value hierarchy as of September 30, 2013 and December 31, 2012 :

Recurring Fair Value Measurements September 30, 2013 *(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, 2013
Assets				
Commodity Price risk management assets:				
Physical price risk programs	$ —	$ —	$ —	$ —
Financial price risk programs	0.1		—	0.1
Interest rate risk activities	—	21.0	—	21.0
Available-for-sale securities	26.5	99.9	—	126.4
Total	$ 26.6	$ 120.9	$ —	$ 147.5
Liabilities				
Commodity Price risk management liabilities:				
Physical price risk programs	$ —	$ —	$ —	$ —
Financial price risk programs	9.7	—	0.6	10.3
Total	$ 9.7	$ —	$ 0.6	$ 10.3

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

Recurring Fair Value Measurements December 31, 2012 *(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, 2012
Assets				
Commodity Price risk management assets:				
Physical price risk programs	$ —	$ —	$ —	$ —
Physical price risk programs (assets held for sale)	—	35.4	—	35.4
Financial price risk programs	0.7	—	0.1	0.8
Financial price risk programs (assets held for sale)	70.8	0.8	—	71.6
Interest rate risk activities	—	40.4	—	40.4
Available-for-sale securities	27.4	84.4	—	111.8
Total	$ 98.9	$ 161.0	$ 0.1	$ 260.0
Liabilities				
Commodity Price risk management liabilities:				
Physical price risk programs	$ —	$ —	$ —	$ —
Financial price risk programs	10.8	—	—	10.8
Financial price risk programs (liabilities held for sale)	104.2	0.5	—	[illegible]
Total	$ 115.0	$ 0.5	$ —	$ [illegible]

Price risk management assets and liabilities include commodity exchange-traded and non-exchange-based derivative contracts. Exchange-traded derivative contracts are based on unadjusted quoted prices in active markets and are classified within Level 1. These financial assets and liabilities are secured with cash on deposit with the exchange; therefore nonperformance risk has not been incorporated into these valuations. Certain non-exchange-traded derivatives are valued using broker or over-the-counter, on-line exchanges. In such cases, these non-exchange-traded derivatives are classified within Level 2. Non-exchange-based derivative instruments include swaps, forwards, and options. In certain instances, these instruments may utilize models to measure fair value. NiSource uses a similar model to value similar instruments. Valuation models utilize various inputs that include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, other observable inputs for the asset or liability, and market-corroborated inputs, i.e., inputs derived principally from or corroborated by observable market data by correlation or other means. Where observable inputs are available for substantially the full term of the asset or liability, the instrument is categorized in 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 in 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, 2013 and December 31, 2012 , there were no material transfers between fair value hierarchies. Additionally, there were no changes in the method or significant assumptions used to estimate the fair value of NiSource's financial instruments.

Price risk management assets also include fixed-to-floating interest-rate swaps, which are designated as fair value hedges, as a means to achieve NiSource's targeted level of variable-rate debt as a percent of total debt. NiSource uses a calculation of future cash inflows and estimated future outflows related to the swap agreements, which are discounted and netted to determine the current fair value. Additional inputs to the present value calculation include the contract terms, as well as market parameters such as current and projected interest rates and volatility. As they are based on observable data and valuations of similar instruments, the interest-rate swaps are categorized in Level 2 in the fair value hierarchy. Credit risk is considered in the fair value calculation of the interest rate swap.

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

Available-for-sale securities are investments pledged as collateral for trust accounts related to NiSource's wholly-owned insurance company. Available-for-sale securities are included within "Other investments" in the Condensed Consolidated Balance Sheets (unaudited). Securities classified within Level 1 include U.S. Treasury debt securities which are highly liquid and are actively traded in over-the-counter markets. NiSource values corporate and mortgage-backed debt securities using a matrix pricing model that incorporates market-based information. These securities trade less frequently and are classified within Level 2. Total gains and losses from available-for-sale securities are included in other comprehensive income (loss). The amortized cost, gross unrealized gains and losses, and fair value of available-for-sale debt securities at September 30, 2013 and December 31, 2012 were:

(in millions)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available-for-sale debt securities, September 30, 2013				
U.S. Treasury	$ 31.3	$ 0.5	$ (0.3)	$ 31.5
Corporate/Other	94.8	1.2	(1.1)	94.9
Total Available-for-sale debt securities	**$ 126.1**	**$ 1.7**	**$ (1.4)**	**$ 126.4**

(in millions)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available-for-sale debt securities, December 31, 2012				
U.S. Treasury	$ 31.1	$ 1.5	$ —	$ 32.6
Corporate/Other	76.8	2.5	(0.1)	79.2
Total Available-for-sale debt securities	$ 107.9	$ 4.0	$ (0.1)	$ 111.8

For the three months ended September 30, 2013 and 2012 , the net realized gain on the sale of available-for-sale U.S. Treasury debt securities was $0.1 million and zero , respectively. For the three months ended September 30, 2013 and 2012 , the net realized gain on sale of available-for-sale Corporate/Other bond debt securities was zero and $0.1 million , respectively.

For the nine months ended September 30, 2013 and 2012 , the net realized gain on the sale of available-for-sale U.S. Treasury debt securities was $0.5 million and $0.3 million , respectively. For the nine months ended September 30, 2013 and 2012 , the net realized gain on sale of available-for-sale Corporate/Other bond debt securities was $0.3 million and $0.1 million , respectively.

The cost of maturities sold is based upon specific identification. At September 30, 2013 , approximately $0.4 million of U.S. Treasury debt securities have maturities of less than a year while the remaining securities have maturities of greater than one year. At September 30, 2013 , approximately $3.0 million of Corporate/Other bonds have maturities of less than a year while the remaining securities have maturities of greater than one 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, 2013 and 2012 .

Non-recurring Fair Value Measurements. In January 2013, NiSource sold the service plan and leasing business lines of its Retail Services business. The disposed business lines were included in the Columbia Distribution Operations reporting unit and the Northern Indiana Gas Distribution Operations reporting unit. Goodwill associated with the disposed business lines was included in the carrying amount of the business lines in determining the gain on disposal. The amount of the goodwill included in the carrying amount was based on the relative fair values of the business lines disposed of and the portion of the reporting units that were retained. The fair value of the disposed business lines was determined by using the selling price of the business lines. The fair value of the reporting units that were retained was determined by a weighted average of income and market approaches. This approach was similar to the process undertaken to calculate the fair value of the reporting units for the goodwill impairment test conducted on May 1, 2012. These approaches are further discussed in NiSource's Annual Report on Form 10-K for the fiscal year ended December 31, 2012 and yield fair values considered to be at Level 3 of the fair value hierarchy. The respective fair value of the disposed business lines was divided by the fair value of the reporting units to which the disposed business lines belonged. These percentages were then applied to those goodwill balances to determine their allocations. As a result of these procedures, NiSource recorded a disposal of goodwill of approximately $11.0 million during the first quarter of 2013. This amount is included within the "(Loss) Gain on Disposition of Discontinued Operations - net of taxes" on the Condensed Statements of Consolidated Income (unaudited).

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

There were no significant non-recurring fair value measurements recorded during the nine months ended September 30, 2012 .

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

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate fair value.

Long-term Debt. The fair values of these securities are estimated based on the quoted market prices for the same or similar issues or on the rates offered for securities of the same remaining maturities. 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 as Level 2 within the fair value hierarchy. For the nine months ended September 30, 2013 and 2012 , there were no changes in the method or significant assumptions used to estimate the fair value of the financial instruments.

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

(in millions)	**Carrying Amount as of September 30, 2013**	**Estimated Fair Value as of September 30, 2013**	Carrying Amount as of Dec. 31, 2012	Estimated Fair Value as of Dec. 31, 2012
Long-term debt (including current portion)	$ **7,630.3**	$ **8,172.1**	$ 7,326.3	$ 8,389.0

9. Transfers of Financial Assets

Transfers of accounts receivable are accounted for as secured borrowings resulting in the recognition of short-term borrowings on the Condensed Consolidated Balance Sheets (unaudited). The maximum amount of debt that can be recognized related to NiSource's accounts receivable programs is $515 million .

All accounts receivable sold to the commercial paper conduits 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 receivable sold is determined in part by required loss reserves under the agreements. Below is information about the accounts receivable securitization agreements entered into by NiSource's subsidiaries.

On October 23, 2009, Columbia of Ohio entered into an agreement to sell, without recourse, substantially all of its trade receivables, as they originate, to CGORC, a wholly-owned subsidiary of Columbia of Ohio. CGORC, in turn, is party to an agreement with BTMU and BNS, entered into on October 19, 2012, under the terms of which it sells an undivided percentage ownership interest in its accounts receivable to commercial paper conduits sponsored by BTMU and BNS. This agreement with BTMU and BNS was renewed on October 18, 2013. Prior to this agreement with BTMU and BNS, CGORC was party to a series of agreements with BTMU and RBS which dated from October 23, 2009 until its amendment on October 19, 2012. The maximum seasonal program limit under the terms of the new agreement remains at $240 million . The current agreement expires on October 17, 2014, and can be renewed if mutually agreed to by all parties. As of September 30, 2013 , $73.3 million of accounts receivable had been transferred by CGORC. CGORC is a separate corporate entity from NiSource and Columbia of Ohio, with its own separate obligations, and upon a liquidation of CGORC, CGORC's obligations must be satisfied out of CGORC's assets prior to any value becoming available to CGORC's stockholder.

On October 23, 2009, Northern Indiana entered into an agreement to sell, without recourse, substantially all of its trade receivables, as they originate, to NARC, a wholly-owned subsidiary of Northern Indiana. NARC, in turn, is party to an agreement with PNC and Mizuho entered into on August 29, 2012, under the terms of which it sells an undivided percentage ownership interest in its accounts receivable to commercial paper conduits sponsored by PNC and Mizuho. This agreement with PNC and Mizuho was renewed on August 28, 2013. Prior to this agreement with PNC and Mizuho, NARC was party to a series of agreements with RBS which dated from October 23, 2009 until its amendment on August 29, 2012. The maximum seasonal program limit under the terms of the current agreement, which expires on August 27, 2014, is $200 million , and can be further renewed if mutually agreed to by all parties. As of September 30, 2013 , $125.0 million of accounts receivable had been transferred by NARC. NARC is a separate corporate entity from NiSource and Northern Indiana, with its own separate obligations, and upon a liquidation of NARC, NARC's obligations must be satisfied out of NARC's assets prior to any value becoming available to NARC's stockholder.

On March 15, 2010, Columbia of Pennsylvania entered into an agreement to sell, without recourse, substantially all of its trade receivables, as they originate, to CPRC, a wholly-owned subsidiary of Columbia of Pennsylvania. CPRC, in turn, is party to an agreement with BTMU, also dated March 15, 2010, under the terms of which it sells an undivided percentage ownership interest in its accounts receivable to a commercial paper conduit sponsored by BTMU. The maximum seasonal program limit under the terms of the agreement is $75 million . On March 13, 2013, the agreement was renewed, having a new scheduled termination date of March 12, 2014, and can be further renewed if mutually agreed to by both parties. As of September 30, 2013 , $10.0 million of accounts receivable had been transferred by CPRC. CPRC is a separate corporate entity from NiSource and Columbia of Pennsylvania, with its own separate obligations, and upon a liquidation of CPRC, CPRC's obligations must be satisfied out of CPRC's assets prior to any value becoming available to CPRC's stockholder.

The following table reflects the gross and net receivables transferred as well as short-term borrowings related to the securitization transactions as of September 30, 2013 and December 31, 2012 for Columbia of Ohio, Northern Indiana and Columbia of Pennsylvania:

(in millions)	**September 30, 2013**	December 31, 2012
Gross Receivables	**$ 350.8**	$ 525.3
Less: Receivables not transferred	**142.5**	292.0
Net receivables transferred	**$ 208.3**	$ 233.3
Short-term debt due to asset securitization	**$ 208.3**	$ 233.3

For both the three months ended September 30, 2013 and 2012 , $0.5 million of fees associated with the securitization transactions were recorded as interest expense. For the nine months ended September 30, 2013 and 2012 , fees of $2.0 million and $2.5 million associated with the securitization transactions were recorded as interest expense, respectively. Columbia of Ohio, Northern Indiana and Columbia of Pennsylvania remain responsible for collecting on the receivables securitized and the receivables cannot be sold to another party.

10. Goodwill Assets

In accordance with the provisions for goodwill accounting under GAAP, NiSource tests its goodwill for impairment annually as of May 1 each year unless indicators, events, or circumstances would require an immediate review. Goodwill is tested for impairment at a level of reporting referred to as a reporting unit, which generally is an operating segment or a component of an operating segment as defined by the FASB. NiSource's three reporting units are Columbia Distribution Operations, Columbia Transmission Operations and Northern Indiana Gas Distribution Operations.

NiSource's goodwill assets as of September 30, 2013 were $3.7 billion pertaining primarily to the acquisition of Columbia on November 1, 2000. Of this amount, approximately $2.0 billion is allocated to Columbia Transmission Operations and $1.7 billion is allocated to Columbia Distribution Operations. In addition, Northern Indiana Gas Distribution Operations' goodwill assets at September 30, 2013 related to the purchase of Northern Indiana Fuel and Light in March 1993 and Kokomo Gas in February 1992 were $17.8 million .

NiSource completed a quantitative ("step 1") fair value measurement of its reporting units during the May 1, 2012 goodwill test. The test indicated that the fair value of each of the reporting units that carry or are allocated goodwill substantially exceeded their carrying values, indicating that no impairment existed under the step 1 annual impairment test.

In September 2011, FASB issued Accounting Standards Update 2011-08, which allows entities testing goodwill for impairment the option of performing a qualitative ("step 0") assessment before calculating the fair value of a reporting unit for the goodwill impairment test. If a step 0 assessment is performed, an entity is no longer required to calculate the fair value of a reporting unit unless the entity determines that based on the qualitative step 0 assessment that it is more likely than not that its fair value is less than its carrying amount. The update was effective for fiscal years, and interim periods within those years, beginning after December 15, 2011.

NiSource applied this guidance for its 2013 annual test and utilized the qualitative step 0 analysis to its reporting units for the annual impairment test performed as of May 1, 2013.

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For the current year qualitative step 0 test performed as of May 1, 2013, NiSource assessed various assumptions, events and circumstances that would have affected the estimated fair value of the reporting units in its base line May 1, 2012 test. The results of this assessment indicated that it is not more likely than not that its reporting unit fair values are less than the reporting unit carrying values and no impairments are necessary.

NiSource considered whether there were any events or changes in circumstances subsequent to the annual test that would reduce the fair value of any of the reporting units below their carrying amounts and necessitate another goodwill impairment test. No such indicators were noted that would require a subsequent goodwill impairment testing during the third quarter.

During the first quarter of 2013, as part of the sale of the service plan and leasing business lines of its Retail Services business, NiSource allocated $10.0 million of goodwill from Columbia Distribution Operations to the sale and allocated $ 1.0 million of goodwill from Northern Indiana Gas Distribution Operations to the sale. Refer to Note 4 "Discontinued Operations and Assets and Liabilities Held for Sale" for more information.

11. Income Taxes

NiSource's interim effective tax rates reflect the estimated annual effective tax rates for 2013 and 2012 , adjusted for tax expense associated with certain discrete items. The effective tax rates for the three months ended September 30, 2013 and 2012 were 36.0% and 35.7% , respectively. The effective tax rates for the nine months ended September 30, 2013 and 2012 were 34.7% and 34.8% , respectively. These effective tax rates differ from the Federal tax rate of 35% primarily due to the effects of tax credits, state income taxes, utility rate-making, and other permanent book-to-tax differences.

On January 2, 2013, the President signed into law the American Taxpayer Relief Act of 2012 (ATRA). ATRA, among other things, extends retroactively the research credit under Internal Revenue Code section 41 until December 31, 2013, and also extends and modifies 50% bonus depreciation for 2013. In general, 50% bonus depreciation will be available for property placed in service before January 1, 2014, or in the case of certain property having longer production periods, before January 1, 2015. NiSource recorded the effects of ATRA in the first quarter 2013. retroactive extension of the research credit did not have a significant effect on net income.

On March 7, 2013, the Congressional Joint Committee on Taxation took no exception to the conclusions reached by the IRS in its 2008-2010 audit examination of NiSource. Therefore, in the first quarter of 2013, NiSource recognized a federal income tax receivable of $15.9 million that was related to the 2008 and 2009 tax years and increases in net operating loss carryforwards of $0.6 million that was related to uncertain tax positions in the 2010-2012 tax years. NiSource received payments of $75.1 million in March 2013 and $70.6 million in April 2013 of principal and interest from the IRS related to the audit examination. The recognition of the receivables and net operating loss carryforwards did not materially affect tax expense or net income.

On July 24, 2013, Transportation Finance Bill H3535 which was passed by the Massachusetts legislature, repealed the reduced tax rate of 6.5% for public utility corporations contained in Section 52A of Chapter 63 of the Massachusetts General Laws. Effective January 1, 2014, Columbia of Massachusetts will be taxed at 8.0% , which is the current franchise tax rate for corporations that are not public utilities. Deferred income taxes were adjusted by $3.2 million as a result of this law change.

On September 13, 2013, the IRS and U.S. Treasury issued final regulations on the deductibility and capitalization of expenditures related to tangible property, generally effective for tax years beginning on or after January 1, 2014. Taxpayers may elect early adoption of the regulations for the 2012 or 2013 tax year. NiSource does not plan to early adopt the regulations. Deferred tax liabilities at September 30, 2013 are not materially affected by the regulations. The final regulations do not impact the effect of Revenue Procedure 2013-24 issued on April 30, 2013 which provided guidance for repairs related to generation property. Among other things, the Revenue Procedure listed units of property and material components of units of property for purposes of analyzing repair versus capitalization issues. NiSource will likely adopt this Revenue Procedure for income tax filings in 2014.

There were no material changes recorded in the third quarter of 2013 to NiSource's uncertain tax positions as of December 31, 2012.

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12. Pension and Other Postretirement Benefits

NiSource provides defined contribution plans and noncontributory defined benefit retirement plans that cover its employees. Benefits under the defined benefit retirement plans reflect the employees' compensation, years of service and age at retirement. Additionally, NiSource provides health care and life insurance benefits for certain retired employees. The majority of employees may become eligible for these benefits if they reach retirement age while working for NiSource. The expected cost of such benefits is accrued during the employees' years of service. Current rates of rate-regulated companies include postretirement benefit costs, including amortization of the regulatory assets that arose prior to inclusion of these costs in rates. For most plans, cash contributions are remitted to grantor trusts.

For the nine months ended September 30, 2013 , NiSource has contributed $9.1 million to its pension plans and $29.6 million to its other postretirement benefit plans.

The following tables provide the components of the plans' net periodic benefits cost for the three and nine months ended September 30, 2013 and 2012 :

	Pension Benefits		Other Postretirement Benefits	
Three Months Ended September 30, *(in millions)*	**2013**	2012	**2013**	2012
Components of Net Periodic Benefit Cost				
Service cost	**$ 9.0**	$ 9.4	**$ 3.0**	$ 2.8
Interest cost	**24.9**	28.2	**8.0**	9.6
Expected return on assets	**(42.0)**	(41.2)	**(7.6)**	(6.7)
Amortization of transition obligation	**—**	—	**0.2**	0.3
Amortization of prior service cost	**—**	0.1	**(0.2)**	[illegible]
Recognized actuarial loss	**18.9**	20.3	**2.8**	[illegible]
Settlement loss	**4.0**	1.9	**—**	—
Total Net Periodic Benefit Costs	**$ 14.8**	$ 18.7	**$ 6.2**	$ 8.8

	Pension Benefits		Other Postretirement Benefits	
Nine Months Ended September 30, *(in millions)*	**2013**	2012	**2013**	2012
Components of Net Periodic Benefit Cost				
Service cost	**$ 27.7**	$ 28.2	**$ 9.0**	$ 8.4
Interest cost	**73.5**	84.6	**24.2**	28.2
Expected return on assets	**(126.5)**	(123.4)	**(22.8)**	(20.1)
Amortization of transition obligation	**—**	—	**0.4**	0.9
Amortization of prior service cost	**0.2**	0.3	**(0.6)**	0.3
Recognized actuarial loss	**59.3**	60.9	**8.4**	7.1
Settlement loss	**28.3**	1.9	**—**	—
Total Net Periodic Benefit Costs	**$ 62.5**	$ 52.5	**$ 18.6**	$ 24.8

For the quarters ended September 30, 2013 and 2012 , pension and other postretirement benefit cost of approximately $4.4 million and $8.2 million , respectively, was capitalized as a component of plant or recognized as a regulatory asset or liability consistent with regulatory orders for certain of NiSource's regulated businesses. For the nine months ended September 30, 2013 and 2012 , pension and other postretirement benefit cost of approximately $30.2 million and $19.1 million , respectively, was capitalized as a component of plant or recognized as a regulatory asset or liability consistent with regulatory orders for certain of NiSource's regulated businesses.

As of February 28, 2013, it became probable that a NiSource pension plan's lump sum payouts for 2013 would exceed the plan's 2013 s[illegible] cost plus interest cost and, therefore, settlement accounting was required. A settlement charge of $20.7 million was recorded during the first quarter of 2013. As a result of the settlement, the pension plan was remeasured as of February 28, 2013

resulting in a decrease to the pension benefit obligation, net of plan assets, of $18.6 million , and net decreases to regulatory assets and accumulated other comprehensive loss of $36.1 million and $3.2 million , respectively. During the second quarter of 2013, NiSource continued to apply settlement accounting for the pension plan and recognized an additional settlement charge of $3.6 million . As a result of the additional settlement, the pension plan was remeasured as of May 31, 2013 resulting in a decrease to the pension benefit obligation, net of plan assets, of $30.7 million , and net decreases to regulatory assets and accumulated other comprehensive loss of $30.8 million and $3.5 million , respectively. During the third quarter of 2013, NiSource continued to apply settlement accounting for the pension plan and recognized an additional settlement charge of $4.0 million . As a result of the additional settlement, the pension plan was remeasured as of August 31, 2013 resulting in a decrease to the pension benefit obligation, net of plan assets, of $1.7 million , a net decrease to regulatory assets of $6.5 million and a net increase to accumulated other comprehensive loss $0.8 million . Net periodic pension benefit cost for 2013 was decreased by $3.6 million as a result of the remeasurements.

The following table provides the key assumptions that were used to calculate the pension benefit obligation and the net periodic benefit cost at the measurement dates of August 31, 2013, May 31, 2013, February 28, 2013 and December 31, 2012:

	August 31, 2013	May 31, 2013	February 28, 2013	December 31, 2012
Actuarial Assumptions				
Discount Rate	4.25%	3.75%	3.50%	3.63%
Expected return on assets	8.30%	8.30%	8.30%	8.30%

13. Variable Interests and Variable Interest Entities

In general, a VIE is an entity that (1) has an insufficient amount of at-risk equity to permit the entity to finance its activities without additional financial subordinated support provided by any parties, (2) whose at-risk equity owners, as a group, do not have power, through voting rights or similar rights, to direct activities of the entity that most significantly impact the entity's economic performance or (3) whose at-risk owners do not absorb the entity's losses or receive the entity's residual return. A VIE is required to be consolidated by a company if that company is determined to be the primary beneficiary of the VIE.

NiSource consolidates those VIEs for which it is the primary beneficiary. NiSource considers quantitative and qualitative elements in determining the primary beneficiary. Qualitative measures include the ability to control an entity and the obligation to absorb losses or the right to receive benefits.

NiSource's analysis includes an assessment of guarantees, operating leases, purchase agreements, and other contracts, as well as its investments and joint ventures. For items that have been identified as variable interests, or where there is involvement with an identified VIE, an in-depth review of the relationship between the relevant entities and NiSource is made to evaluate qualitative and quantitative factors to determine the primary beneficiary, if any, and whether additional disclosures would be required under the current standard.

Northern Indiana has a service agreement with Pure Air, a general partnership between Air Products and Chemicals, Inc. and First Air Partners LP, under which Pure Air provides scrubber services to reduce sulfur dioxide emissions for Units 7 and 8 at the Bailly Generating Station. NiSource has made an exhaustive effort to obtain information needed from Pure Air to determine the status of Pure Air as a VIE. However, Northern Indiana has not been able to obtain this information and as a result, it is unclear whether Pure Air is a VIE and if Northern Indiana is the primary beneficiary. Northern Indiana will continue to request the information required to determine whether Pure Air is a VIE. Northern Indiana has no exposure to loss related to the service agreement with Pure Air and payments under this agreement were $17.1 million and $16.5 million for the nine months ended September 30, 2013 and 2012 , respectively.

14. Long-Term Debt

On October 10, 2013, NiSource Finance issued $500.0 million of 5.65% senior unsecured notes that mature on February 1, 2045 .

On August 19, 2013, Northern Indiana redeemed $30.0 million of 7.16% medium term notes.

On July 22, 2013, Northern Indiana redeemed $5.0 million of 7.21% medium term notes.

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On July 8, 2013, Northern Indiana redeemed $15.0 million of 7.35% medium term notes.

On June 3, 2013, Northern Indiana redeemed $18.0 million of 5.20% pollution control bonds.

On April 12, 2013, NiSource Finance issued $750.0 million of 4.80% senior unsecured notes that mature on February 15, 2044 .

On March 1, 2013, NiSource Finance redeemed $420.3 million of 6.15% senior unsecured notes.

On April 5, 2012, NiSource Finance negotiated a $250.0 million three -year bank term loan with a syndicate of banks having an original maturity date of April 3, 2015 . On April 15, 2013, NiSource Finance amended the term loan to add an additional lender to the syndicate of banks, increase borrowings under the term loan to $325.0 million and extend the maturity date to April 15, 2016 . Borrowings under the term loan have an interest rate of LIBOR plus 125 basis points.

15. Short-Term Borrowings

On September 30, 2013, NiSource Finance amended its existing revolving credit facility with a syndicate of banks led by Barclays Capital to expand capacity to $2.0 billion and extend the termination date to September 28, 2018 . The purpose of the facility is to fund ongoing working capital requirements including the provision of liquidity support for NiSource's $1.5 billion commercial paper program, provide for issuance of letters of credit, and also for general corporate purposes. At September 30, 2013 , NiSource had no outstanding borrowings under this facility.

During June 2011, NiSource Finance implemented a new commercial paper program with a program limit of up to $500.0 million with a dealer group comprised of Barclays, Citigroup, Credit Suisse and Wells Fargo. The program capacity was expanded to $1.5 billion with the addition of RBS as a fifth dealer on February 15, 2013. Commercial paper issuances are supported by available capacity under NiSource's $2.0 billion unsecured revolving credit facility. At September 30, 2013 , NiSource had $612.5 million of commercial paper outstanding.

As of September 30, 2013 and December 31, 2012 , NiSource had $39.2 million and $36.4 million of stand-by letters of credit outstanding, of which $21.3 million and $18.3 million were under the revolving credit facility, respectively.

Transfers of accounts receivable are accounted for as secured borrowings resulting in the recognition of short-term debt on the Condensed Consolidated Balance Sheets (unaudited) in the amount of $208.3 million and $233.3 million as of September 30, 2013 and December 31, 2012 , respectively. Refer to Note 9, "Transfers of Financial Assets," for additional information.

(in millions)		**September 30, 2013**		December 31, 2012
Commercial Paper weighted average interest rate of 0.67% and 1.11% at September 30, 2013 and December 31, 2012, respectively.	$	**612.5**	$	499.6
Credit facilities borrowings weighted average interest rate of 3.73% at December 31, 2012.		**—**		44.0
Accounts receivable securitization facility borrowings		**208.3**		233.3
Total short-term borrowings	**$**	**820.8**	$	776.9

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

16. Share-Based Compensation

The stockholders approved and adopted the NiSource Inc. 2010 Omnibus Incentive Plan (the "Omnibus Plan"), at the Annual Meeting of Stockholders held on May 11, 2010. The Omnibus Plan provides for awards to employees and non-employee directors of incentive and nonqualified stock options, stock appreciation rights, restricted stock and restricted stock units, performance shares, performance units, cash-based awards and other stock-based awards. The Omnibus Plan provides that the number of shares of common stock of NiSource available for awards is 8,000,000 plus the number of shares subject to outstanding awards granted under either the 1994 Plan or the Director Plan (described below) that expire or terminate for any reason. No further awards are permitted to be granted under the 1994 Plan or the Director Plan. At September 30, 2013 , there were 6,734,008 shares reserved for future awards under the Omnibus Plan.

Prior to May 11, 2010, NiSource issued long-term equity incentive grants to key management employees under a long-term incentive plan approved by stockholders on April 13, 1994 ("1994 Plan"). The types of equity awards previously authorized under the 1994 Plan did not significantly differ from those permitted under the Omnibus Plan.

NiSource recognized stock-based employee compensation expense of $8.8 million and $6.3 million for the three months ended September 30, 2013 , and 2012 , respectively, as well as related tax benefits of $3.2 million and $2.2 million , respectively. For the nine months ended September 30, 2013 , and 2012 , stock-based employee compensation expense of $17.5 million and $13.6 million was recognized, respectively, as well as related tax benefits of $6.1 million and $5.0 million , respectively.

As of September 30, 2013 , the total remaining unrecognized compensation cost related to nonvested awards amounted to $21.8 million , which will be amortized over the weighted-average remaining requisite service period of 2.0 years .

Stock Options. As of September 30, 2013 , approximately 0.5 million options were outstanding and exercisable with a weighted average strike price of $22.44 . No options were granted during the nine months ended September 30, 2013 and 2012 . As of September 30, 2013 , the aggregate intrinsic value for the options outstanding and exercisable was $4.5 million . During the nine months ended September 30, 2013 and 2012 , cash received from the exercise of options was $22.6 million and $24.7 million , respectively.

Restricted Stock Units and Restricted Stock. During the nine months ended September 30, 2013 , NiSource granted 69,651 restricted stock units and shares of restricted stock, subject to service conditions. The total grant date fair value of restricted stock units and shares of restricted stock was $1.8 million , based on the average market price of NiSource's common stock at the date of each grant less the present value of any dividends not received during the vesting period, which will be expensed, net of forfeitures, over the vesting period which is generally three years. If the employee terminates employment before the service conditions lapse due to (1) Retirement or Disability (as defined in the award agreement), or (2) death, the employment conditions will lapse with respect to a pro rata portion of the shares of restricted stock and restricted stock units on the date of termination. In the event of a Change-in-Control (as defined in the award agreement), all unvested shares of restricted stock and restricted stock units will immediately vest. Termination due to any other reason will result in all unvested shares of restricted stock and restricted stock units awarded being forfeited effective on the employee's date of termination. As of September 30, 2013 , 371,870 nonvested (all of which are expected to vest) restricted stock units and shares of restricted stock were granted and outstanding.

Performance Shares. During the nine months ended September 30, 2013 , NiSource granted 664,776 performance shares subject to performance conditions. The grant date fair value of the awards was $15.7 million , based on the average market price of NiSource's common stock at the date of each grant less the present value of dividends not received during the vesting period which will be expensed, net of forfeitures, over the three year requisite service period. The performance conditions are based on achievement of certain non-GAAP financial measures: cumulative net operating earnings, that NiSource defines as income from continuing operations adjusted for certain items; and cumulative funds from operations that NiSource defines as net operating cash flows provided by continuing operations; and relative total shareholder return, a non-GAAP market measure that NiSource defines as the annualized growth in the dividends and share price of a share of NiSource's common stock (calculated using a 20 trading day average of NiSource's closing price beginning December 31, 2012 and ending on December 31, 2015) compared to the total shareholder return performance of a predetermined peer group of companies. The service conditions lapse on February 29, 2016 when the shares vest provided the performance criteria are satisfied. In general, if the employee terminates employment before February 29, 2016 due to (1) Retirement or Disability (as defined in the award agreement), or (2) death, the employment conditions will lapse with respect to a pro rata portion of the performance shares payable at target on the date of termination provided the performance criteria are met. In the event of a Change-in-Control (as defined in the award agreement), all unvested performance shares will immediately vest. Termination due to any other reason will result in all performance shares awarded being

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forfeited effective on the employee's date of termination. As of September 30, 2013 , 1,974,337 nonvested performance shares were granted and outstanding.

Non-employee Director Awards. As of May 11, 2010, awards to non-employee directors may be made only under the Omnibus Plan. Currently, restricted stock units are granted annually to non-employee directors, subject to a non-employee director's election to defer receipt of such restricted stock unit award. The non-employee director's restricted stock units vest on the last day of the non-employee director's annual term corresponding to the year the restricted stock units were awarded subject to special pro-rata vesting rules in the event of Retirement or Disability (as defined in the award agreement), or death. The vested restricted stock units are payable as soon as practicable following vesting except as otherwise provided pursuant to the non-employee director's election to defer. As of September 30, 2013 , 148,702 restricted stock units are outstanding to non-employee directors under the Omnibus Plan.

Only restricted stock units remain outstanding under the prior plan for non-employee directors, the Amended and Restated Non-employee Director Stock Incentive Plan (the "Director Plan"). All such awards are fully vested and shall be distributed to the directors upon their separation from the Board. As of September 30, 2013 , 181,106 restricted stock units remain outstanding under the Director Plan and as noted above no further shares may be awarded under the Director Plan.

401(k) Match, Profit Sharing and Company Contribution. NiSource has a voluntary 401(k) savings plan covering eligible employees that allows for periodic discretionary matches as a percentage of each participant's contributions in newly issued shares of common stock. NiSource also has a retirement savings plan that provides for discretionary profit sharing contributions of shares of common stock to eligible employees based on earnings results; and eligible exempt employees hired after January 1, 2010, receive a non-elective company contribution of three percent of eligible pay in shares of common stock. For the quarters ended September 30, 2013 and 2012 , NiSource recognized 401(k) match, profit sharing and non-elective contribution expense of $7.9 million and $6.7 million , respectively. For the nine months ended September 30, 2013 and 2012 , NiSource recognized 401(k) match, profit sharing and non-elective contribution expense of $22.2 million and $19.4 million , respectively.

Other Commitments and Contingencies

A. Guarantees and Indemnities. As a part of normal business, NiSource and certain subsidiaries enter into various agreements providing financial or performance assurance to third parties on behalf of certain subsidiaries. Such agreements include guarantees and stand-by letters of credit. These agreements are entered into primarily to support or enhance the creditworthiness otherwise attributed to a subsidiary on a stand-alone basis, thereby facilitating the extension of sufficient credit to accomplish the subsidiaries' intended commercial purposes. The total guarantees and indemnities in existence at September 30, 2013 and the years in which they expire were:

(in millions)	Total	2013	2014	2015	2016	2017	After
Guarantees of subsidiaries debt	$ 7,210.5	$ —	$ 500.0	$ 230.0	$ 616.5	$ 507.0	$ 5,357.0
Guarantees supporting commodity transactions of subsidiaries	10.7	10.7	—	—	—	—	—
Accounts receivable securitization	208.3	208.3	—	—	—	—	—
Lines of credit	612.5	612.5	—	—	—	—	—
Letters of credit	39.2	0.7	22.3	16.2	—	—	—
Other guarantees	132.3	18.1	48.4	3.0	—	—	62.8
Total commercial commitments	$ 8,213.5	$ 850.3	$ 570.7	$ 249.2	$ 616.5	$ 507.0	$ 5,419.8

Guarantees of Subsidiaries Debt. NiSource has guaranteed the payment of $7.2 billion of debt for various wholly-owned subsidiaries including NiSource Finance and Columbia of Massachusetts, and through a support agreement, Capital Markets, which is reflected on NiSource's Condensed Consolidated Balance Sheets (unaudited). The subsidiaries are required to comply with certain covenants under the debt indenture and in the event of default, NiSource would be obligated to pay the debt's principal and related interest. NiSource does not anticipate its subsidiaries will have any difficulty maintaining compliance. On October 3, 2011, NiSource executed a Second Supplemental Indenture to the original Columbia of Massachusetts Indenture dated April 1, 1991, for the specific purpose of guaranteeing Columbia of Massachusetts' outstanding medium-term notes.

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Guarantees Supporting Commodity Transactions of Subsidiaries. NiSource has issued guarantees, which support up to $10.7 million of commodity-related payments for its current subsidiaries involved in energy marketing activities. These guarantees were provided to counterparties in order to facilitate physical and financial transactions involving natural gas services. To the extent liabilities exist under the commodity-related contracts subject to these guarantees, such liabilities are included in the Condensed Consolidated Balance Sheets (unaudited).

Lines and Letters of Credit and Accounts Receivable Advances. On September 30, 2013, NiSource Finance amended its existing revolving credit facility with a syndicate of banks led by Barclays Capital to expand capacity to $2.0 billion and extend the termination date to September 28, 2018 . The purpose of the facility is to fund ongoing working capital requirements including the provision of liquidity support for NiSource's $1.5 billion commercial paper program, provide for the issuance of letters of credit, and also for general corporate purposes. At September 30, 2013 , NiSource had no borrowings under its five-year revolving credit facility, $612.5 million in commercial paper outstanding and $208.3 million outstanding under its accounts receivable securitization agreements. At September 30, 2013 , NiSource issued stand-by letters of credit of approximately $39.2 million for the benefit of third parties. See Note 15, "Short-Term Borrowings," for additional information.

Other Guarantees or Obligations. NiSource has additional purchase and sales agreement guarantees totaling $28.0 million , which guarantee performance of the seller's covenants, agreements, obligations, liabilities, representations and warranties under the agreements. No amounts related to the purchase and sales agreement guarantees are reflected in the Condensed Consolidated Balance Sheets (unaudited). Management believes that the likelihood NiSource would be required to perform or otherwise incur any significant losses associated with any of the aforementioned guarantees is remote.

NiSource has on deposit a letter of credit with Union Bank, N.A., Collateral Agent, in a debt service reserve account in association with Millennium's notes as required under the Deposit and Disbursement Agreement that governs the Millennium notes. This account is to be drawn upon by the note holders in the event that Millennium is delinquent on its principal and interest payments. The value of NiSource's letter of credit represents 47.5% (NiSource's ownership percentage in Millennium) of the Debt Service Reserve Account requirement, or $16.2 million . The total exposure for NiSource is $16.2 million . NiSource has an accrued liability of $1.5 million related to the inception date fair value of this guarantee as of September 30, 2013 .

NiSource has issued other guarantees supporting derivative related payments associated with interest rate swap agreements issued by NiSource Finance, operating leases for many of its subsidiaries and for other agreements entered into by its current and former subsidiaries.

B. Other Legal Proceedings. In the normal course of its business, NiSource and its subsidiaries have been named as defendants in various legal proceedings. In the opinion of management, the ultimate disposition of these currently asserted claims will not have a material impact on NiSource's consolidated financial statements.

In 2003, the Company divested itself of a certain non-utility subsidiary, which subsequently became involved in litigation around business transactions, some of which predated its sale to a third party. Successors in interest to that third party looked to the Company for indemnification under the Asset Purchase Agreement ("APA") negotiated by the Company at the time of sale. As the litigation wound down and was concluded over the years, the Company advanced settlement and defense costs associated with all claims made in the litigation and reserved its rights to seek reimbursement for claims potentially not within the scope of the indemnities under the APA. Later, the Company looked to the successors in interest to the APA for reimbursement of settlement and defense related charges associated with claims that were not subject to the indemnification provisions in the APA. Ultimately, the amount of claims subject to the indemnities provided for in the APA was the subject of an arbitration claim between the Company and the successors in interest to the APA. In January of 2013, the parties to the arbitration proceeding agreed that the Company would be reimbursed $17.5 million for settlement amounts advanced and defense costs incurred beyond the scope of indemnities under the APA, which has since been paid to the Company in full. This amount was recorded in income from discontinued operations, net of tax, in the first quarter of 2013.

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

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

As of September 30, 2013 and December 31, 2012 , NiSource had recorded reserves of approximately \$149.5 million and \$160.6 million , respectively, to cover environmental remediation at various sites. The current portion of this reserve is included in "Legal and environmental reserves" in the Condensed Consolidated Balance Sheets (unaudited). The noncurrent portion is included in "Other noncurrent liabilities" in the Condensed Consolidated Balance Sheets (unaudited). NiSource accrues for costs associated with environmental remediation obligations when the incurrence of such costs is probable and the amounts can be reasonably estimated. The original estimates for cleanup can differ materially from the amount ultimately expended. The actual future expenditures depend on many factors, including currently enacted laws and regulations, the nature and extent of contamination, the method of cleanup, and the availability of cost recovery from customers. These expenditures are not currently estimable at some sites. NiSource periodically adjusts its reserves as information is collected and estimates become more refined.

Air

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

Climate Change . Future legislative and regulatory programs could significantly restrict emissions of GHGs or could impose a cost or tax on GHG emissions. Recently, proposals have been developed to implement federal, state and regional GHG programs and to create renewable energy standards.

In the first quarter of 2012, the EPA proposed an output-based carbon standard for new power plants. On September 20, 2013, the EPA announced withdrawal of the proposed standard and released a new proposal. The newly proposed standard would, for the first time, set national limits on the amount of carbon emissions allowed from new power plants. The revised numerical limit requires that compliance for new coal-fired plants include capture and sequestration of carbon dioxide. In addition, the EPA acknowledged that it intends to regulate existing sources with a proposed rule expected in 2014.

If the EPA develops a GHG new source performance standard for existing units or if a federal or state comprehensive climate change bill were to be enacted into law, the impact on NiSource's financial performance would depend on a number of factors, including the overall level of required GHG reductions, the renewable energy targets, the degree to which offsets may be used for compliance, the amount of recovery allowed from customers, and the extent to which NiSource would be entitled to receive CO_2 allowances at no cost. Comprehensive federal or state GHG regulation could result in additional expense or compliance costs that may not be fully recoverable from customers and could materially impact NiSource's financial results.

National Ambient Air Quality Standards . The CAA requires the EPA to set national air quality standards for particulate matter and five other pollutants (the NAAQS) considered harmful to public health and the environment. Periodically the EPA imposes new or modifies existing NAAQS. States that contain areas that do not meet the new or revised standards must take steps to maintain or achieve compliance with the standards. These steps could include additional pollution controls on boilers, engines, turbines, and other facilities owned by electric generation, gas distribution, and gas transmission operations.

The following NAAQS were recently added or modified:

Particulate Matter: In December 2009, the EPA issued area designations for the 2006 24-hour $PM_{2.5}$ standard, and several counties in which NiSource operates were designated as non-attainment. In addition, a final rule was promulgated in December 2012 that lowered the annual $PM_{2.5}$ standard from 15 to 12 micrograms per cubic meter. NiSource will continue to monitor these matters and cannot estimate their impact at this time.

Ozone (eight hour): On September 2, 2011, the EPA announced it would implement its 2008 eight-hour ozone NAAQS rather than tightening the standard in 2012. The EPA will review, and possibly revise, the standard in 2013 consistent with CAA requirements. In addition, the EPA has designated the Chicago metropolitan area, including the area in which Northern Indiana operates one of its electric generation facilities, as non-attainment for ozone. NiSource will continue to monitor this matter and cannot estimate the impact of any new rules at this time.

Nitrogen Dioxide (NO_2): The EPA revised the NO_2 NAAQS by adding a one-hour standard while retaining the annual standard. The new standard could impact some NiSource combustion sources. The EPA designated all areas of the country as unclassifiable/attainment in January 2012. After the establishment of a new monitoring network and possible modeling implementation, areas will potentially be re-designated sometime in 2016. States with areas that do not meet the standard will be required to develop rules to bring areas into compliance within five years of designation. Additionally, under certain permitting circumstances emissions from some existing NiSource combustion sources may need to be assessed and mitigated. NiSource will continue to monitor this matter and cannot estimate the impact of these rules at this time.

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

Waste
NiSource subsidiaries are potentially responsible parties at waste disposal sites under the CERCLA (commonly known as Superfund) and similar state laws. Additionally, 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 67 such sites where liability is probable. Remedial actions at many of these sites are being overseen by state or federal environmental agencies through consent agreements or voluntary remediation agreements.

NiSource utilizes a probabilistic model to estimate its future remediation costs related to its MGP sites. The model was prepared with the assistance of a third party and incorporates NiSource and general industry experience with remediating MGP sites. NiSource completes an annual refresh of the model in the second quarter of each fiscal year. No material changes to the liability were noted as a result of the refresh completed as of June 30, 2013. The total liability at NiSource related to the facilities subject to remediation was $131.4 million and $132.6 million at September 30, 2013 and December 31, 2012 , respectively. The liability represents NiSource's best estimate of the probable cost to remediate the facilities. NiSource believes that it is reasonably possible that remediation costs could vary by as much as $25 million in addition to the costs noted above. Remediation costs are estimated based on the best available information, applicable remediation standards at the balance sheet date, and experience with similar facilities.

Additional Issues Related to Individual Business Segments

The sections below describe various regulatory actions that affect Columbia Pipeline Group Operations, Electric Operations, and certain other discontinued operations for which NiSource has retained a liability.

Columbia Pipeline Group Operations.

Waste
Columbia Transmission continues to conduct characterization and remediation activities at specific sites under a 1995 AOC (subsequently modified in 1996 and 2007). The 1995 AOC originally covered 245 major facilities, approximately 13,000 liquid removal points, approximately 2,200 mercury measurement stations and about 3,700 storage well locations. As a result of the 2007 amendment, approximately 50 facilities remain subject to the terms of the AOC. During the third quarter of 2011, Columbia Transmission completed a study to estimate its future remediation requirements related to the AOC. Columbia Transmission accordingly increased its liability for estimated remediation costs by $25.6 million . Since the third quarter of 2011, Columbia Transmission has been monitoring its liability on a quarterly basis and performed an annual refresh of the study during the second quarter of subsequent years, with no material changes recorded. The total liability at Columbia Transmission related to the facilities subject to remediation was $11.8 million and $21.7 million at September 30, 2013 and December 31, 2012 , respectively. The liability represents Columbia Transmission's best estimate of the cost to remediate the facilities or manage the sites. Remediation costs are estimated based on the information available, applicable remediation standards, and experience with similar facilities. Columbia Transmission expects that the remediation for these facilities will be substantially completed in 2015.

One of the facilities subject to the 1995 AOC is the Majorsville Operations Center, which was remediated under an EPA approved Remedial Action Work Plan in summer 2008. The completed work was approved by EPA, and Columbia Transmission continues to monitor the site subject to EPA oversight. On April 23, 2009, the PADEP issued Columbia Transmission an NOV, alleging that the remediation did not fully address the site's impact on an adjacent stream, which Columbia Transmission disputes. The NOV asserts violations of the Pennsylvania Clean Streams Law and the Pennsylvania Solid Waste Management Act and includes a settlement demand in the amount of $1 million . The PADEP has not initiated a legal proceeding since issuance of the NOV. Columbia Transmission believes that it is reasonably unlikely that a penalty will be assessed.

Electric Operations.

Air
Northern Indiana expects to become subject to a number of new air-quality mandates in the next several years. These mandates may require Northern Indiana to make capital improvements to its electric generating stations. The cost of capital improvements is estimated to be $860 million , of which approximately $350 million remains to be spent. This figure includes additional capital improvements associated with the New Source Review Consent Decree and the Utility Mercury and Air Toxics Standards Rule. Northern Indiana believes that the capital costs will likely be recoverable from ratepayers.

Sulfur dioxide: In June 2010, the EPA promulgated a revised primary one-hour SO_2 NAAQS. The EPA completed its initial round of nonattainment designations in July 2013, based upon ambient air monitoring data. Counties containing Northern Indiana

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

coal-fired generating stations were not designated as nonattainment, but they will be addressed in future action by the EPA. Northern Indiana will continue to monitor developments in these matters but does not anticipate a material impact.

Cross-State Air Pollution Rule / Clean Air Interstate Rule (CAIR) / Transport Rule: On July 6, 2011, the EPA announced its replacement for the 2005 CAIR to reduce the interstate transport of fine particulate matter and ozone. The CSAPR reduces overall emissions of SO_2 and NO_x by setting state-wide caps on power plant emissions. The CSAPR limits emissions, including Northern Indiana's, and restricted emission allowance trading programs were scheduled to begin in 2012. In a decision issued on August 21, 2012 the D.C. Circuit Court vacated the CSAPR leaving the CAIR trading program provisions and requirements in place. The EPA subsequently petitioned for a writ of certiorari, and the Supreme Court granted this writ on June 24, 2013. Oral arguments are scheduled for December 10, 2013 and a decision is expected sometime next year. These legal developments do not significantly impact Northern Indiana's current emissions control plans. Northern Indiana utilizes the inventory model in accounting for emission allowances issued under the CAIR program whereby these allowances were recognized at zero cost upon receipt from the EPA. Northern Indiana believes its current multi-pollutant compliance plan and New Source Review Consent Decree capital investments will allow Northern Indiana to meet the emission requirements of CAIR, while a replacement for CSAPR is developed to address the court's decision.

Utility Mercury and Air Toxics Standards Rule: On February 8, 2008, the United States Court of Appeals for the District of Columbia Circuit vacated two EPA rules that are the basis for the Indiana Air Pollution Control Board's Clean Air Mercury Rule (CAMR) that established utility mercury emission limits in two phases (2010 and 2018) and a cap-and-trade program to meet those limits. In response to the vacatur, the EPA pursued a new Section 112 rulemaking to establish MACT standards for electric utilities. The EPA finalized the MATS rule on December 16, 2011. Compliance for Northern Indiana's affected units is required by April 2016. Northern Indiana has developed a plan for further environmental controls to comply with MATS.

New Source Review: On September 29, 2004, the EPA issued an NOV to Northern Indiana for alleged violations of the CAA and the Indiana SIP. The NOV alleged that modifications were made to certain boiler units at three of Northern Indiana's generating stations between the years 1985 and 1995 without obtaining appropriate air permits for the modifications. Northern Indiana, the EPA, the Department of Justice, and IDEM have settled the matter through a consent decree, entered on July 22, 2011.

Water
The Phase II Rule of the Clean Water Act Section 316(b), which requires all large existing steam electric generating stations to meet certain performance standards to reduce the effects on aquatic organisms at their cooling water intake structures, became effective on September 7, 2004. Under this rule, stations will either have to demonstrate that the performance of their existing fish protection systems meet the new standards or develop new systems, such as a closed-cycle cooling tower. Various court challenges and EPA responses ensued. The EPA announced a proposed rule and is obligated to finalize a rule in 2013. Northern Indiana will continue to monitor this matter but cannot estimate the cost of compliance at this time.

On June 7, 2013, the EPA published a proposed rule to amend the effluent limitations guidelines and standards for the Steam Electric Power Generating category. Northern Indiana anticipates the rule to be finalized in 2014 and will continue to monitor this matter but cannot estimate the cost of compliance at this time.

Waste
On March 31, 2005, the EPA and Northern Indiana entered into an AOC under the authority of Section 3008(h) of the RCRA for the Bailly Station. The order requires Northern Indiana to identify the nature and extent of releases of hazardous waste and hazardous constituents from the facility. Northern Indiana must also remediate any release of hazardous constituents that present an unacceptable risk to human health or the environment. In July 2012, the EPA issued a Final Decision for Areas A and B of the Bailly facility. Remedial activities in those areas have commenced and may continue into 2014. The process to investigate and select appropriate remedial activities at a third area is ongoing.

The Indiana Department of Environmental Management requested that Northern Indiana enter into AOCs to identify the nature and extent of releases of hazardous waste and hazardous constituents at the Michigan City and Mitchell Generating Stations. The final AOC for the Michigan City Generating Station became effective in October 2013, and investigation activities are expected to commence in 2014. A final AOC for the Mitchell Generating Station is expected to be effective in 2014. Northern Indiana cannot estimate the cost of compliance with any AOCs at this time.

On June 21, 2010, the EPA published a proposed rule for regulation of CCRs. The proposal outlines multiple regulatory approaches that the EPA is considering. These proposed regulations could negatively affect Northern Indiana's ongoing byproduct reuse programs and would impose additional requirements on its management of coal combustion residuals. Northern Indiana will continue to monitor developments in this matter and cannot estimate the cost of compliance at this time.

Other Operations.

Waste
NiSource affiliates have retained environmental liabilities, including cleanup liabilities associated with some of its former operations. Four sites are associated with its former propane operations and ten sites associated with former petroleum operations. At one of those sites, an AOC has been signed with the EPA to address petroleum residue in soil and groundwater.

D. Other Matters. On November 23, 2012, while Columbia of Massachusetts was investigating the source of an odor of gas at a service location in Springfield, Massachusetts, a gas service line was pierced and an explosion occurred. While this explosion impacted multiple buildings and resulted in several injuries, no life threatening injuries or fatalities have been reported. Columbia of Massachusetts is fully cooperating with both the Massachusetts DPU and the Occupational Safety & Health Administration in their investigations of this incident. Columbia of Massachusetts believes any costs associated with damages, injuries, and other losses related to this incident are substantially covered by insurance. Any amounts not covered by insurance are not expected to have a material impact on NiSource's consolidated financial statements. In accordance with GAAP, NiSource recorded any reserves and the related insurance recoveries resulting from this incident on a gross basis within the Condensed Consolidated Balance Sheets (unaudited).

18. Accumulated Other Comprehensive Loss

The following tables display the components of Accumulated Other Comprehensive Loss for the three and nine months ended September 30, 2013 :

Three Months Ended September 30, 2013 *(in millions)*	Gains and Losses on Securities [1]	Gains and Losses on Cash Flow Hedges [1]	Pension and OPEB Items [1]	Accumulated Other Comprehensive Loss [1]
Balance as of July 1, 2013	$ (0.7)	$ (27.2)	$ (34.1)	$ (62.0)
Other comprehensive income before reclassifications	1.0	(0.1)	(0.6)	0.3
Amounts reclassified from accumulated other comprehensive income	(0.1)	0.7	0.7	1.3
Net current-period other comprehensive income	0.9	0.6	0.1	1.6
Balance as of September 30, 2013	$ 0.2	$ (26.6)	$ (34.0)	$ (60.4)

Nine Months Ended September 30, 2013 *(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, 2013	$ 2.6	$ (28.6)	$ (39.5)	$ (65.5)
Other comprehensive income before reclassifications	(1.9)	(0.1)	2.6	0.6
Amounts reclassified from accumulated other comprehensive income	(0.5)	2.1	2.9	4.5
Net current-period other comprehensive (loss) income	(2.4)	2.0	5.5	5.1
Balance as of September 30, 2013	$ 0.2	$ (26.6)	$ (34.0)	$ (60.4)

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

Equity Investment
As Millennium is an equity method investment, NiSource is required to recognize a proportional share of Millennium's OCI. The remaining unrecognized loss at September 30, 2013 of $17.9 million , net of tax, related to terminated interest rate swaps is being amortized over the period ending June 2025 into earnings using the effective interest method through interest expense as interest payments are made by Millennium. The unrecognized loss of $17.9 million and $18.7 million at September 30, 2013 and December 31, 2012 , respectively, is included in gains and losses on cash flow hedges above.

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

19. Business Segment Information

Operating segments are components of an enterprise for which separate financial information is available and evaluated regularly by the chief operating decision maker in deciding how to allocate resources and assess performance. NiSource's Chief Executive Officer is the chief operating decision maker.

At September 30, 2013 , NiSource's operations are divided into three primary business 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 Columbia Pipeline Group (formerly known as Gas Transmission and Storage) Operations segment offers gas transportation and storage services for LDCs, marketers and industrial and commercial customers located in northeastern, mid-Atlantic, midwestern and southern states along with unregulated businesses that include midstream services and development of mineral rights positions. The Electric Operations segment provides electric service in 20 counties in the northern part of Indiana.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	**2013**	2012	**2013**	2012
REVENUES				
Gas Distribution Operations				
Unaffiliated	**$ 409.5**	$ 378.9	**$ 2,126.8**	$ 1,882.8
Intersegment	**—**	0.1	**0.2**	0.4
Total	**409.5**	379.0	**2,127.0**	1,883.2
Columbia Pipeline Group Operations				
Unaffiliated	**251.3**	156.6	**752.0**	599.1
Intersegment	**31.4**	31.5	**105.9**	105.4
Total	**282.7**	188.1	**857.9**	704.5
Electric Operations				
Unaffiliated	**413.6**	418.3	**1,175.9**	1,148.4
Intersegment	**0.1**	0.2	**0.5**	0.6
Total	**413.7**	418.5	**1,176.4**	1,149.0
Corporate and Other				
Unaffiliated	**2.4**	2.4	**5.8**	7.0
Intersegment	**119.6**	119.3	**351.3**	345.3
Total	**122.0**	121.7	**357.1**	352.3
Eliminations	**(151.1)**	(151.1)	**(457.9)**	(451.7)
Consolidated Gross Revenues	**$ 1,076.8**	$ 956.2	**$ 4,060.5**	$ 3,637.3
Operating Income (Loss)				
Gas Distribution Operations	**$ (5.0)**	$ 10.4	**$ 279.1**	$ 263.4
Columbia Pipeline Group Operations	**98.7**	38.8	**321.0**	268.9
Electric Operations	**87.5**	83.7	**212.2**	200.2
Corporate and Other	**(4.8)**	(1.4)	**(13.0)**	1.0
Consolidated Operating Income	**$ 176.4**	$ 131.5	**$ 799.3**	$ 733.5

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

20. Supplemental Cash Flow Information

The following table provides additional information regarding NiSource's Condensed Statements of Consolidated Cash Flows (unaudited) for the nine months ended September 30, 2013 and 2012 :

(in millions)	Nine Months Ended September 30, 2013	2012
Supplemental Disclosures of Cash Flow Information		
Non-cash transactions:		
Capital expenditures included in current liabilities	**$ 202.7**	$ 119.6
Stock issuance to employee savings plans	**22.2**	19.4
Schedule of interest and income taxes paid:		
Cash paid for interest, net of interest capitalized amounts	**$ 359.4**	$ 336.1
Cash paid for income taxes	**8.5**	8.4

NiSource Inc.

Note regarding forward-looking statements

The Management's Discussion and Analysis, including statements regarding market risk sensitive instruments, contains "forward-looking statements," within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Investors and prospective investors should understand that many factors govern whether any forward-looking statement contained herein will be or can be realized. Any one of those factors could cause actual results to differ materially from those projected. These forward-looking statements include, but are not limited to, statements concerning NiSource's plans, objectives, expected performance, expenditures and 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. From time to time, NiSource may publish or otherwise make available forward-looking statements of this nature. All such subsequent forward-looking statements, whether written or oral and whether made by or on behalf of NiSource, are also expressly qualified by these cautionary statements. All forward-looking statements are based on assumptions that management believes to be reasonable; however, there can be no assurance that actual results will not differ materially.

Realization of NiSource's objectives and expected performance is subject to a wide range of risks and can be adversely affected by, among other things, weather, fluctuations in supply and demand for energy commodities, growth opportunities for NiSource's businesses, increased competition in deregulated energy markets, the success of regulatory and commercial initiatives, dealings with third parties over whom NiSource has no control, actual operating experience of NiSource's assets, the regulatory process, regulatory and legislative changes, the impact of potential new environmental laws or regulations, the results of material litigation, changes in pension funding requirements, changes in general economic, capital and commodity market conditions, counterparty credit risk, and the matters set forth in the "Risk Factors" section of NiSource's 2012 Form 10-K, many of which are beyond the control of NiSource. In addition, the relative contributions to profitability by each segment, and the assumptions underlying the forward-looking statements relating thereto, may change over time. NiSource expressly disclaims a duty to update any of the forward-looking statements contained in this report.

The following Management's Discussion and Analysis of Financial Conditions and Results of Operations should be read in conjunction with NiSource's Annual Report on Form 10-K for the fiscal year ended December 31, 2012 .

CONSOLIDATED REVIEW

Executive Summary

NiSource (the "Company") is an energy holding company under the Public Utility Holding Company Act of 2005 whose subsidiaries are engaged in the transmission, storage and distribution of natural gas in the high-demand energy corridor stretching from the Gulf Coast through the Midwest to New England and the generation, transmission and distribution of electricity in Indiana. NiSource generates virtually 100% of its operating income through these rate-regulated businesses. A significant portion of NiSource's operations is subject to seasonal fluctuations in sales. During the heating season, which is primarily from November through March, net revenues from gas sales are more significant, and during the cooling season, which is primarily from June through September, net revenues from electric sales and transportation services are more significant, than in other months.

For the nine months ended September 30, 2013 , NiSource reported income from continuing operations of \$337.9 million , or \$1.08 per basic share, compared to \$276.7 million , or \$0.97 per basic share reported for the same period in 2012.

The increase in income from continuing operations was due primarily to the following items:

- The impacts of the customer settlement at Columbia Transmission increased net revenues by \$50.2 million. Refer to Note 6, "Regulatory Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for more information.
- Regulatory and service programs at Gas Distributions Operations increased net revenues by \$28.5 million primarily due to the impacts from the implementation of rates under Columbia of Ohio's approved infrastructure replacement program and rate cases at Columbia of Massachusetts and Columbia of Pennsylvania. Refer to Note 8, "Regulatory Matters," of NiSource's Annual Report on Form 10-K for the fiscal year ended December 31, 2012 for more information.
- Colder weather in 2013 resulted in an increase in income from continuing operations of \$27.4 million compared to the prior year. Weather statistics are provided in the Gas Distribution and Electric Operations' segment discussions.

- Net revenues increased by $20.4 million as a result of environmental investment cost recovery at Electric Operations resulting from the electric rate case. Refer to Note 8, "Regulatory Matters," of NiSource's Annual Report on Form 10-K for the fiscal year ended December 31, 2012 for more information.

- Other, net increased by $16.8 million primarily due to a gain from insurance proceeds and AFUDC earnings.

These increases to income from continuing operations were partially offset by the following:

- Employee and administrative expense increased by $32.8 million due primarily to IT support and enhancement projects, greater labor expense due to a growing workforce and reduced payroll capitalization and timing of outages and maintenance.

- Depreciation and amortization increased by $13.4 million primarily as a result of higher capital expenditures placed in service. NiSource projects 2013 capital expenditures to be approximately $2.0 billion .

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

Platform for Growth

NiSource's business plan will continue to center on commercial and regulatory initiatives: commercial growth and expansion of the gas transmission and storage business; financial management of the balance sheet; and cost and process excellence.

Commercial and Regulatory Initiatives

NiSource is moving forward on regulatory initiatives across several distribution company markets. Whether through full rate case filings or other approaches, NiSource's goal is to develop strategies that benefit all stakeholders as it addresses changing customer conservation patterns, develops more contemporary pricing structures, and embarks on long-term investment programs to enhance its infrastructure.

Northern Indiana continued to focus on customer service, reliability and long-term growth and modernization initiatives during the third quarter, while executing on significant environmental investments.

- In line with legislation passed earlier this year to support a variety of infrastructure long-term investments, Northern Indiana filed a seven-year natural gas infrastructure modernization and expansion plan with the IURC on October 3, 2013. The legislation provides for timely recovery of related investments through deferrals and tracking mechanisms. The natural gas plan outlines a program of qualifying system modernization projects, with anticipated investment opportunities of approximately $710 million. Northern Indiana's seven-year electric infrastructure modernization plan, filed on July 19, 2013 with outlined investments of approximately $1.1 billion, remains under review by the IURC. Northern Indiana anticipates making its initial electric and natural gas investments in early-to-mid 2014.

- Northern Indiana extended its 2010 natural gas customer rate settlement through 2020 following the IURC's approval of an agreement reached earlier this year with the OUCC and other key customer stakeholders on August 28, 2013.

- Work continues on Northern Indiana's two electric transmission projects in northern Indiana, which support new jobs, enhance system reliability and offer environmental benefits. Northern Indiana recently selected the route for the first project and is in discussions with landowners and communities along the line's path. Together the projects will involve an investment by Northern Indiana of approximately $500 million.

- Northern Indiana continues to execute on the approximately $250 million FGD project at the Michigan City generating station. This project is scheduled for completion by the end of 2015. The approximately $500 million FGD project at Northern Indiana's Schahfer generating station remains on schedule and on budget. The units will be placed into service in the fourth quarter of 2013 and in late 2014.

- On October 10, 2013, the IURC issued an Order approving Northern Indiana's capital projects and associated cost recovery for investments to support compliance with the EPA's MATS rule. The investments are expected to reach approximately $60 million over the next three years.

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

urce Inc.

NiSource's Gas Distribution companies continue to deliver strong results from their strategy of aligning long-term infrastructure replacement and enhancement programs with a variety of complementary customer programs and regulatory initiatives.

- Gas Distribution Operations' infrastructure replacement and enhancement program is on track to reach an investment level of approximately $750 million in 2013. This investment supports NiSource's commitment to delivering safe, reliable services to customers and solid financial performance for shareholders.

- Columbia of Kentucky continues to make progress on its base rate case filed in May 2013 with the Kentucky PSC. The case seeks an annual revenue increase of approximately $16.6 million. It also includes a more modern rate design using a revenue normalization adjustment and supports Columbia of Kentucky's ongoing infrastructure investment plans. If approved, new rates are expected to go into effect in January 2014.

- Columbia of Massachusetts' base rate case remains on schedule with the Massachusetts DPU. The case, which seeks increased cost of service of $30 million, is designed to support Columbia of Massachusetts' expanded infrastructure modernization and replacement plans with timely investment recovery. An order is expected by February 28, 2014, with new rates going into effect on March 1, 2014.

- On September 23, 2013, Columbia of Maryland received a final order from the Maryland PSC on its base rate case. In addition to implementing a revenue normalization adjustment mechanism for residential customers, the Order approved an annual revenue increase of $3.6 million. Rates went into effect on September 25, 2013.

Refer to Note 6, "Regulatory Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for a complete discussion of regulatory and commercial matters.

dernization, Commercial Growth and Expansion of the Columbia Pipeline Group (formerly known as Gas Transmission and Storage) rations

Columbia Pipeline Group Operations continues to make progress on its long-term infrastructure modernization program, as well as a series of midstream and core growth initiatives tied to NiSource's asset position in the Utica and Marcellus Shale production regions.

- Columbia Transmission is on track to complete the first year of investments under its system modernization settlement. As provided in the settlement, Columbia Transmission will make a tracker filing reflecting first-year investments of approximately $300 million with the FERC by the end of this year. The modernization settlement covers the initial five years of a 10 to 15 year program totaling $4 billion to $5 billion of investments.

- On September 30, 2013, Pennant announced the construction of an approximately $60 million, 38-mile natural gas liquids pipeline in eastern Ohio. The line will connect a cryogenic processing plant in New Middleton, Ohio, to the UEO Kensington facility near Kensington, Columbiana County, Ohio. The initial capacity is expected to deliver up to approximately 90,000 barrels a day, starting in the third quarter of 2014. NiSource Midstream operates Pennant, which is jointly owned by Harvest Pipeline, an affiliate of Hilcorp, and NiSource Midstream.

- The first phase of Pennant's pipeline and processing facilities remains on schedule to begin service by the end of 2013. The $320 million project involves the construction of 55 miles of 20 inch and 24 inch gathering pipeline facilities with an initial capacity of 600 MMcf per day, and a cryogenic natural gas liquids processing plant with an initial capacity of 200 MMcf per day. NiSource owns a 50.0% interest in Pennant and is responsible for 50.0% of the investment.

- Millennium is on track with development of an approximately $45 million new compressor facility in Delaware County, New York. The project, which will increase the pipeline's delivery capacity to 850,000 Dth per day, is expected to be in service April 1, 2014. NiSource owns a 47.5% interest in Millennium and is responsible for 47.5% of the investment.

- Columbia Pipeline Group Operations' core projects, including the approximately $200 million West Side Expansion Project, the approximately $275 million East Side Expansion Project and the approximately $37 million Power Plant Generation Project, among others, remain on track and will add more than 1 Bcf of capacity when completed over the next two years.

Financial Management of the Balance Sheet

At the end of the third quarter, NiSource maintained approximately $1,381.1 million in net available liquidity. Additionally, during the first quarter of 2013, Standard & Poor's reaffirmed NiSource's BBB- credit rating and stable outlook.

On October 10, 2013, NiSource Finance issued $500.0 million of 5.65% senior unsecured notes that mature on February 1, 2045 .

On September 30, 2013, NiSource Finance amended its existing revolving credit facility with a syndicate of banks led by Barclays Capital to expand capacity to $2.0 billion and extend the termination date to September 28, 2018. The purpose of the facility is to fund ongoing working capital requirements including the provision of liquidity support for NiSource's $1.5 billion commercial paper program, provide for issuance of letters of credit, and also for general corporate purposes. At September 30, 2013 , NiSource had no outstanding borrowings under this facility.

On August 19, 2013, Northern Indiana redeemed $30.0 million of 7.16% medium term notes.

On July 22, 2013, Northern Indiana redeemed $5.0 million of 7.21% medium term notes.

On July 8, 2013, Northern Indiana redeemed $15.0 million of 7.35% medium term notes.

On June 3, 2013, Northern Indiana redeemed $18.0 million of 5.20% pollution control bonds.

On April 12, 2013, NiSource Finance issued $750.0 million of 4.80% senior unsecured notes that mature on February 15, 2044.

On March 1, 2013, NiSource Finance redeemed $420.3 million of 6.15% senior unsecured notes.

On April 5, 2012, NiSource Finance negotiated a $250.0 million three-year bank term loan with a syndicate of banks having an original maturity date of April 3, 2015. On April 15, 2013, NiSource Finance amended the term loan to add an additional lender to the syndicate of banks, increase borrowings under the term loan to $325 million and extend the maturity date to April 15, 2016. Borrowings under the term loan have an interest rate of LIBOR plus 125 basis points.

Ethics and Controls

NiSource has had a long-term commitment to providing accurate and complete financial reporting as well as high standards for ethical behavior by its employees. NiSource's senior management takes an active role in the development of this Form 10-Q and the monitoring of the company's internal control structure and performance. In addition, NiSource will continue its mandatory ethics training program for all employees.

Refer to "Controls and Procedures" included in Item 4.

Results of Operations
Quarter Ended September 30, 2013

Net Income

NiSource reported net income of $48.1 million , or $0.16 per basic share, for the three months ended September 30, 2013 , compared to net income of $19.3 million , or $0.06 per basic share, for the third quarter of 2012 . Income from continuing operations was $49.5 million , or $0.16 per basic share, for the three months ended September 30, 2013 , compared to income from continuing operations of $16.6 million , or $0.05 per basic share, for the third quarter of 2012 . Operating income was $176.4 million , an increase of $44.9 million from the same period in 2012 . All per share amounts are basic earnings per share. Basic average shares of common stock outstanding at September 30, 2013 were 312.8 million compared to 290.3 million at September 30, 2012 .

Comparability of line item operating results between quarterly periods is impacted by regulatory and tax trackers that allow for the recovery in rates of certain costs such as bad debt expenses. Therefore, increases in these tracked operating expenses are offset by increases in net revenues and have essentially no impact on income from continuing operations.

Net Revenues
Total consolidated net revenues (gross revenues less cost of sales) for the quarter ended September 30, 2013 , were $833.8 million , a $104.8 million increase from the same period last year. This increase in net revenues was primarily due to increased Columbia Pipeline Group Operations' net revenues of $94.5 million and increased Gas Distribution Operations' net revenues of $15.4 million partially offset by a decrease in Electric Operations' net revenues of $5.3 million.

- Columbia Pipeline Group Operations' net revenues increased primarily as a result of the 2012 customer settlement at Columbia Transmission, which increased net revenues by $66.0 million and higher regulatory trackers, which are offset in expense, of $26.7 million.

- Gas Distribution Operations' net revenues increased primarily due to an increase of $11.1 million for regulatory and service programs, including the impacts from the implementation of rates under Columbia of Ohio's approved infrastructure replacement program and the rate case at Columbia of Pennsylvania and increased trackers, which are offset in expense, of $7.1 million. These increases were partially offset by a settlement of $3.2 million at Columbia of Massachusetts related to a prior period contract.

- Electric Operations' net revenues decreased due primarily to the effects of colder weather of $8.9 million, lower environmental trackers, which are offset in expense, of $8.4 million, a decrease of $3.8 million related to the final reconciliation of the revenue credit recorded in 2012 and lower residential margins of $1.6 million. These decreases were partially offset by an increase in environmental investment cost recovery of $7.2 million and higher commercial and industrial margins of $6.9 million.

Operating Expenses
Operating expenses for the third quarter of 2013 were $667.9 million , an increase of $62.4 million from the 2012 period. This increase was primarily due to higher operation and maintenance expenses of $50.3 million and increased depreciation and amortization of $19.2 million, partially offset by an increase in the gain on sale of assets of $9.1 million. The increase in operation and maintenance expenses was primarily due to increased regulatory trackers, which are offset in revenue, of $28.7 million, software data conversion costs of $7.5 million, higher environmental costs of $6.5 million and increased employee and administrative costs of $5.2 million. The increase in depreciation and amortization is primarily due to the impacts of the customer settlement at Columbia Transmission. The gain on the sale of assets is primarily attributable to the sale of storage base gas of $11.1 million at Columbia Transmission.

Equity Earnings in Unconsolidated Affiliates
Equity Earnings in Unconsolidated Affiliates were $10.5 million during the third quarter of 2013 compared to $8.0 million for the third quarter of 2012 . Equity Earnings in Unconsolidated Affiliates includes investments in Millennium and Hardy Storage, which are integral to the Columbia Pipeline Group Operations' business.

Other Income (Deductions)
Other Income (Deductions) reduced income by $99.0 million in the third quarter of 2013 compared to a reduction in income of $105.7 million in the prior year. The decrease in deductions is primarily due to a decrease in interest expense of $4.2 million resulting from the maturities of $420.3 million of long-term debt in March 2013 and $315.0 million of long-term debt in November 2012 partially offset by higher interest expense from the issuance of $750.0 million of long-term debt issued in April 2013. Other, net income of $4.7 million was recorded in 2013 compared to $2.2 million in 2012.

Income Taxes
Income tax expense for the quarter ended September 30, 2013 was $27.9 million compared to $9.2 million in the prior year. NiSource's interim effective tax rates reflect the estimated annual effective tax rates for 2013 and 2012, adjusted for tax expense associated with certain discrete items. The effective tax rates for the quarters ended September 30, 2013 and 2012 were 36.0% and 35.7% , respectively. These effective tax rates differ from the Federal tax rate of 35% primarily due to the effects of tax credits, state income taxes, utility rate-making, and other permanent book-to-tax differences.

On January 2, 2013, the President signed into law the American Taxpayer Relief Act of 2012 (ATRA). ATRA, among other things, extends retroactively the research credit under Internal Revenue Code section 41 until December 31, 2013, and also extends and modifies 50% bonus depreciation for 2013. In general, 50% bonus depreciation will be available for property placed in service before January 1, 2014, or in the case of certain property having longer production periods, before January 1, 2015. NiSource recorded the effects of ATRA in the first quarter 2013. The retroactive extension of the research credit did not have a significant effect on net income.

On March 7, 2013, the Congressional Joint Committee on Taxation took no exception to the conclusions reached by the IRS in its 2008-2010 audit examination of NiSource. Therefore, in the first quarter of 2013, NiSource recognized a federal income tax receivable of $15.9 million that was related to the 2008 and 2009 tax years and increases in net operating loss carryforwards of $0.6 million that was related to uncertain tax positions in the 2010-2012 tax years. NiSource received payments of $75.1 million in March 2013 and $70.6 million in April 2013 of principal and interest from the IRS related to the audit examination. The recognition of the receivables and net operating loss carryforwards did not materially affect tax expense or net income.

On July 24, 2013, Transportation Finance Bill H3535 which was passed by the Massachusetts legislature, repealed the reduced tax rate of 6.5% for public utility corporations contained in Section 52A of Chapter 63 of the Massachusetts General Laws. Effective January 1, 2014, Columbia of Massachusetts will be taxed at 8.0%, which is the current franchise tax rate for corporations that are not public utilities. Deferred income taxes were adjusted by $3.2 million as a result of this law change.

On September 13, 2013, the IRS and U.S. Treasury issued final regulations on the deductibility and capitalization of expenditures related to tangible property, generally effective for tax years beginning on or after January 1, 2014. Taxpayers may elect early adoption of the regulations for the 2012 or 2013 tax year. NiSource does not plan to early adopt the regulations. Deferred tax liabilities at September 30, 2013 are not materially affected by the regulations. The final regulations do not impact the effect of Revenue Procedure 2013-24 issued on April 30, 2013 which provided guidance for repairs related to generation property. Among other things, the Revenue Procedure listed units of property and material components of units of property for purposes of analyzing repair versus capitalization issues. NiSource will likely adopt this Revenue Procedure for income tax filings in 2014.

There were no material changes recorded in the third quarter of 2013 to NiSource's uncertain tax positions as of December 31, 2012.

Discontinued Operations

There was net income of $0.1 million in the third quarter of 2013 from discontinued operations compared to net income of $2.7 million in the third quarter of 2012 . There was a loss on disposition of discontinued operations of $1.5 million in the third quarter of 2013 due to the sale of NiSource's unregulated marketing business.

Results of Operations
Nine Months Ended September 30, 2013

Net Income

NiSource reported net income of $380.3 million , or $1.22 per basic share, for the nine months ended September 30, 2013 , compared to net income of $282.1 million , or $0.99 per basic share, for the nine months ended September 30, 2012 . Income from continuing operations was $337.9 million , or $1.08 per basic share, for the nine months ended September 30, 2013 , compared to income from continuing operations of $276.7 million , or $0.97 per basic share, for the nine months ended September 30, 2012 . Operating income was $799.3 million , an increase of $65.8 million from the same period in 2012 . All per share amounts are basic earnings per share. Basic average shares of common stock outstanding at September 30, 2013 were 312.1 million compared to 285.9 million at September 30, 2012 .

Comparability of line item operating results between quarterly periods is impacted by regulatory and tax trackers that allow for the recovery in rates of certain costs such as bad debt expenses. Therefore, increases in these tracked operating expenses are offset by increases in net revenues and have essentially no impact on income from continuing operations.

Net Revenues

Total consolidated net revenues (gross revenues less cost of sales) for the nine months ended September 30, 2013 , were $2,792.2 million , a $245.2 million increase from the same period last year. This increase in net revenues was primarily due to increased Columbia Pipeline Group Operations' net revenues of $154.1 million, increased Gas Distribution Operations' net revenues of $90.0 million and increased Electric Operations' net revenues of $1.5 million.

- Columbia Pipeline Group Operations' net revenues increased primarily due to higher regulatory trackers, which are offset in expenses of $96.5 million, the impacts of the customer settlement at Columbia Transmission, which increased net revenues by $50.2 million, higher commodity and demand revenue of $4.7 million and increased mineral rights royalty revenue of $4.4 million. These increases were partially offset by lower shorter term transportation services of $3.5 million.

- Gas Distribution Operations' net revenues increased primarily due to the effects of colder weather of $40.4 million, an increase of $28.5 million for regulatory and service programs, including the impacts from the implementation of rates under Columbia of Ohio's approved infrastructure replacement program and rate cases at Columbia of Massachusetts and Columbia of Pennsylvania, increased trackers, which are offset in expense, of $13.7 million, and an increase in residential and commercial usage of $5.7 million.

- Electric Operations' net revenues increased due primarily to an increase in environmental investment cost recovery of $20.4 million, higher industrial, residential and commercial margins of $10.0 million and transmission upgrade revenue of $6.5 million. These increases were partially offset by the effects of colder weather of $13.0 million, lower environmental trackers, which are offset in expense, of $12.2 million, a decrease of $4.7 million related to the final reconciliation of the revenue credit recorded in 2012, higher fuel handling costs of $3.3 million and a decrease in a RTO recovery mechanism of $2.9 million, which is offset in expense.

Operating Expenses
Operating expenses for the nine months ended 2013 were $2,018.5 million , an increase of $180.8 million from the 2012 period. This increase was primarily due to higher operation and maintenance expenses of $167.4 million and increased depreciation and amortization of $13.4 million. The increase in operation and maintenance expenses was primarily due to increased regulatory trackers, which are offset in revenue, of $107.6 million, higher employee and administrative costs of $32.8 million, increased outside services of $12.3 million, software data conversion costs of $7.5 million and a mark-to-market adjustment of corporate owned life insurance assets primarily in the prior year of $6.6 million. These increases were partially offset by lower electric generation costs of $11.2 million as a result of the timing of planned and unplanned outages. The increase in depreciation and amortization is primarily due to higher capital expenditures placed in service.

Equity Earnings in Unconsolidated Affiliates
Equity Earnings in Unconsolidated Affiliates were $25.6 million for the nine months ended September 30, 2013 compared to $24.2 million for the same period in 2012 . Equity Earnings in Unconsolidated Affiliates includes investments in Millennium and Hardy Storage, which are integral to the Columbia Pipeline Group Operations' business.

Other Income (Deductions)
Other Income (Deductions) reduced income by $282.2 million in the nine months ended September 30, 2013 compared to a reduction in income of $309.1 million in the prior year. The decrease in deductions is primarily due to an increase in Other, net of $16.8 million in 2013 compared to the same period in 2012 and a decrease in interest expense. This increase is primarily attributable to a gain from insurance proceeds and AFUDC earnings. Interest expense of $304.3 million was recorded in 2013, a decrease of $10.1 million compared to the prior year. The decrease resulted from the maturity of $420.3 million of long-term debt in March 2013 and $315.0 million of long-term debt in November 2012, and lower average short-term borrowings partially offset by higher interest expense from the issuance of $750.0 million of long-term debt in April 2013 and $750.0 million of long-term debt in June 2012.

Income Taxes
Income tax expense for the nine months ended September 30, 2013 was $179.2 million compared to $147.7 million in the prior year. NiSource's interim effective tax rates reflect the estimated annual effective tax rates for 2013 and 2012, adjusted for tax expense associated with certain discrete items. The effective tax rates for the six months ended September 30, 2013 and 2012 were 34.7% and 34.8% , respectively. These effective tax rates differ from the Federal tax rate of 35% primarily due to the effects of tax credits, state income taxes, utility rate-making, and other permanent book-to-tax differences.

Discontinued Operations
There was net income of $7.5 million for the nine months ended September 30, 2013 from discontinued operations compared to net income of $5.4 million for the comparable period in 2012 . The increase is primarily the result of a one-time settlement received in the first quarter of 2013. A gain on the disposition of discontinued operations of $34.9 million was recorded in 2013 as a result of a gain on the sale of the service plan and leasing business lines of NiSource's Retail Services business partially offset by a loss on the sale of NiSource's unregulated marketing business.

Liquidity and Capital Resources

A significant portion of NiSource's operations, most notably in the gas distribution, gas transportation and storage and electric distribution businesses, are subject to seasonal fluctuations in cash flow. During the heating season, which is primarily from November through March, cash receipts from gas sales and transportation services typically exceed cash requirements. During the summer months, cash on hand, together with the seasonal increase in cash flows from the electric business during the summer cooling season and external short-term and long-term financing, is used to purchase gas to place in storage for heating season deliveries and perform necessary maintenance of facilities. NiSource believes that through income generated from operating activities, amounts available under its revolving credit facility, commercial paper program and long-term debt agreements and NiSource's ability to access the capital markets, there is adequate capital available to fund its operating activities and capital expenditures in 2013 .

Operating Activities

Net cash from operating activities for the nine months ended September 30, 2013 was $1,078.6 million , an increase of $136.8 million compared to the nine months ended September 30, 2012 . The increase in net cash from operating activities was primarily due to an increase in working capital from income tax receivables of $179.7 million primarily due to a refund from the IRS received in 2013.

Pension and Other Postretirement Plan Funding. NiSource expects to make contributions of approximately $11.3 million to its pension plans and approximately $40.4 million to its postretirement medical and life plans in 2013 , which could change depending on market conditions. For the nine months ended September 30, 2013 , NiSource has contributed $9.1 million to its pension plans and $29.6 million to its other postretirement benefit plans.

Investing Activities

NiSource's capital expenditures for the nine months ended September 30, 2013 were $1,297.3 million , compared to $1,022.2 million for the comparable period in 2012 . This increased spending is mainly due to higher expenditures in the Columbia Pipeline Group Operations segment for various growth projects primarily in the Marcellus and Utica Shale areas and for expenditures under its modernization program. Additionally, there were increased expenditures in the Electric Operations segment due primarily to the FGD projects. NiSource projects 2013 capital expenditures to be approximately $2.0 billion .

Restricted cash was $18.3 million and $46.8 million as of September 30, 2013 and December 31, 2012 , respectively. The decrease in restricted cash was due to the sale of NiSource's unregulated natural gas marketing business.

Contributions to equity investees increased $65.8 million due to higher contributions made by NiSource Midstream to Pennant. Refer to the Columbia Pipeline Group Operations segment discussion in the Management's Discussion and Analysis of Financial Conditions and Results of Operations for information on these contributions.

Financing Activities

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

Credit Facilities. On September 30, 2013, NiSource Finance amended its existing revolving credit facility with a syndicate of banks led by Barclays Capital to expand capacity to $2.0 billion and extend the termination date to September 28, 2018. The purpose of the facility is to fund ongoing working capital requirements including the provision of liquidity support for NiSource's $1.5 billion commercial paper program, provide for issuance of letters of credit, and also for general corporate purposes.

During June 2011, NiSource Finance implemented a new commercial paper program with a program limit of up to $500.0 million with a dealer group comprised of Barclays, Citigroup, Credit Suisse and Wells Fargo. The program capacity was expanded to $1.5 billion with the addition of RBS as a fifth dealer on February 15, 2013. Commercial paper issuances are supported by available capacity under NiSource's $2.0 billion unsecured revolving credit facility, which expires in September 2018.

NiSource Finance had no outstanding borrowings under its five-year revolving credit facility at September 30, 2013 and borrowings of $44.0 million at December 31, 2012 , at a weighted average interest rate of 3.73% . In addition, NiSource Finance had $612.5 million in commercial paper outstanding at September 30, 2013 , at a weighted average interest rate of 0.67% and $499.6 million in commercial paper outstanding at December 31, 2012 , at a weighted average interest rate of 1.11% .

As of September 30, 2013 and December 31, 2012 , NiSource had $208.3 million and $233.3 million , respectively, of short-term borrowings recorded on the Condensed Consolidated Balance Sheets (unaudited) and cash from financing activities in the same amount relating to its accounts receivable securitization facilities. See Note 9, "Transfers of Financial Assets."

As of September 30, 2013 , NiSource had $39.2 million of stand-by letters of credit outstanding of which $21.3 million were under the revolving credit facility. At December 31, 2012 , NiSource had $36.4 million of stand-by letters of credit outstanding of which $ 18.3 million were under the revolving credit facility.

As of September 30, 2013 , an aggregate of $1,366.2 million of credit was available under the credit facility.

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 accounts receivable.

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

Credit Ratings. On February 25, 2013, Standard & Poor's affirmed the senior unsecured ratings for NiSource and its subsidiaries at BBB-. Standard & Poor's outlook for NiSource and all of its subsidiaries is stable. On December 11, 2012, Fitch affirmed the senior unsecured ratings for NiSource at BBB-, and the existing ratings of all other subsidiaries. Fitch's outlook for NiSource and all of its subsidiaries is stable. On November 16, 2012, Moody's Investors Service affirmed the senior unsecured ratings for NiSource at Baa3, and the existing ratings of all other subsidiaries. Moody's outlook for NiSource and all of its subsidiaries is stable. Although all ratings continue to be investment grade, a downgrade by Standard & Poor's, Moody's or Fitch would result in a rating that is below investment grade.

Certain NiSource affiliates have agreements that contain "ratings triggers" that require increased collateral if the credit ratings of NiSource or certain of its subsidiaries are rated below BBB- by Standard & Poor's or Baa3 by Moody's. These agreements are primarily for insurance purposes and for the physical purchase or sale of power. The collateral requirement that would be required in the event of a downgrade below the ratings trigger levels would amount to approximately $34.0 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.

Contractual Obligations. Refer to Note 11, "Income Taxes," in the Notes to Condensed Consolidated Financial Statements (unaudited) for material changes recorded during the nine months ended September 30, 2013 to NiSource's uncertain tax positions recorded as of December 31, 2012 .

Northern Indiana has a service agreement with Pure Air, a general partnership between Air Products and Chemicals, Inc. and First Air Partners LP, under which Pure Air provides scrubber services to reduce sulfur dioxide emissions for Units 7 and 8 at the Bailly Generating Station. Services under this contract commenced on July 1, 1992 and expired on June 30, 2012. On June 29, 2012, this agreement was renewed for ten years and, in accordance with GAAP, was evaluated to determine whether the arrangement qualified as a lease. Based on the terms of the agreement, the arrangement qualified for capital lease accounting. The effective date of the new agreement was July 1, 2012. NiSource capitalized this lease beginning in the third quarter of 2012.

Market Risk Disclosures

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

Commodity Price Risk

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

Commodity price risk resulting from derivative activities at NiSource's rate-regulated subsidiaries is limited, since regulations allow recovery of prudently incurred purchased power, fuel and gas costs through the rate-making process, including gains or losses on these derivative instruments. If states should explore additional regulatory reform, these subsidiaries may begin providing services without the benefit of the traditional rate-making process and may be more exposed to commodity price risk. Some of NiSource's rate-regulated utility subsidiaries offer commodity price risk products to its customers for which derivatives are used to hedge forecasted customer usage under such products. These subsidiaries do not have regulatory recovery orders for these products and are subject to gains and losses recognized in earnings due to hedge ineffectiveness.

Interest Rate Risk

NiSource is exposed to interest rate risk as a result of changes in interest rates on borrowings under its revolving credit agreement, term loan, commercial paper program and accounts receivable programs, which have interest rates that are indexed to short-term market interest rates. NiSource is also exposed to interest rate risk due to changes in interest rates on fixed-to-variable interest rate swaps that hedge the fair value of long-term debt. 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 \$3.6 million and \$10.7 million for the three and nine months ended September 30, 2013 , respectively, and \$2.8 million and \$11.3 million for the three and nine months ended September 30, 2012 , respectively.

Credit Risk

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

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

Fair Value Measurement

NiSource measures certain financial assets and liabilities at fair value. The level of the fair value hierarchy disclosed is based on the lowest level of input that is significant to the fair value measurement. NiSource's financial assets and liabilities include price risk assets and liabilities, available-for-sale securities and a deferred compensation plan obligation.

Exchange-traded derivative contracts are generally based on unadjusted quoted prices in active markets and are classified within Level 1. These financial assets and liabilities are secured with cash on deposit with the exchange; therefore nonperformance risk has not been incorporated into these valuations. Certain non-exchange-traded derivatives are valued using broker or over-the-counter, on-line exchanges. In such cases, these non-exchange-traded derivatives are classified within Level 2. Non-exchange-based derivative instruments include swaps, forwards, and options. In certain instances, these instruments may utilize models to measure fair value. NiSource uses a similar model to value similar instruments. Valuation models utilize various inputs that include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, other observable inputs for the asset or liability, and market-corroborated inputs, i.e., inputs derived principally from or corroborated by observable market data by correlation or other means. Where observable inputs are available for substantially the full term of the asset or liability, the instrument is categorized in 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 in 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.

Price risk management assets also include fixed-to-floating interest-rate swaps, which are designated as fair value hedges, as a means to achieve its targeted level of variable-rate debt as a percent of total debt. NiSource uses a calculation of future cash inflows and estimated future outflows related to the swap agreements, which are discounted and netted to determine the current fair value. Additional inputs to the present value calculation include the contract terms, as well as market parameters such as current and projected interest rates and volatility. As they are based on observable data and valuations of similar instruments, the interest-rate swaps are categorized in Level 2 in the fair value hierarchy. Credit risk is considered in the fair value calculation of the interest rate swap.

Refer to Note 8, "Fair Value Disclosures," in the Notes to the Condensed Consolidated Financial Statements (unaudited) for additional information on NiSource's fair value measurements.

Off Balance Sheet Arrangements

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

NiSource has issued guarantees that support up to approximately $10.7 million of commodity-related payments for its current and former subsidiaries involved in energy marketing activities. These guarantees were provided to counterparties in order to facilitate physical and financial transactions involving natural gas services. To the extent liabilities exist under the commodity-related contracts subject to these guarantees, such liabilities are included in the Condensed Consolidated Balance Sheets (unaudited).

NiSource has purchase and sales agreement guarantees totaling $28.0 million , which guarantee performance of the seller's covenants, agreements, obligations, liabilities, representations and warranties under the agreements. No amounts related to the purchase and sales agreement guarantees are reflected in the Condensed Consolidated Balance Sheets (unaudited). Management believes that the likelihood NiSource would be required to perform or otherwise incur any significant losses associated with any of the aforementioned guarantees is remote.

NiSource has other guarantees outstanding. Refer to Note 17-A, "Guarantees and Indemnities," in the Notes to Condensed Consolidated Financial Statements (unaudited) for additional information about NiSource's off balance sheet arrangements.

Other Information

Critical Accounting Policies

There were no significant changes to critical accounting policies for the period ended September 30, 2013 .

Recently Issued Accounting Pronouncements

In July 2013, the FASB issued ASU 2013-10 which amends ASC 815 to include the Fed Funds Effective Swap Rate as an appropriate benchmark interest rate in the accounting for fair value and cash flow hedges in the United States, in addition to the interest rates on direct Treasury obligations of the U.S. government and LIBOR. Additionally, entities are no longer prohibited from using different benchmark interest rates for similar hedges except in rare and justifiable circumstances. The ASU applies prospectively to qualifying new hedging relationships entered into on or after July 17, 2013, or to hedging relationships redesignated on or after that date. NiSource is currently reviewing the provisions of the new standard to determine the future impact on its Condensed Consolidated Financial Statements (unaudited) and Notes to Condensed Consolidated Financial Statements (unaudited).

Dodd-Frank Financial Reform Act

The Dodd-Frank Wall Street Reform and Consumer Protection Act ("the Act") was passed by Congress on July 15, 2010 and was signed into law on July 21, 2010. The Act, among other things, establishes a Financial Stability Oversight Council ("FSOC") and a Consumer Financial Protection Bureau ("CFPB") whose duties include the monitoring of domestic and international financial regulatory proposals and developments, as well as the protection of consumers. The FSOC may submit comments to the SEC and any standard-setting body with respect to an existing or proposed accounting principle, standard or procedure. The Act also creates increased oversight of the over-the-counter ("OTC") derivatives markets, requiring OTC transactions in instruments defined as "swaps" under the new regulations to be cleared through a "designated contract market" or "swap execution facility" and cash margins to be posted for those transactions. During 2012, the Commodity Futures Trading Commission ("CFTC") finalized most of the remaining key regulations under the Act, which started to go into effect in late 2012 in accordance with a schedule promulgated by the CFTC. NiSource is not a "swap dealer", a "major swap participant" or a "financial entity" as defined under the regulations and, therefore, various exemptions from mandatory clearing and real-time reporting will apply to most of NiSource's swap transactions. While the Act and the new regulations have had some impact on capital markets and derivatives markets generally, NiSource does not expect compliance with the Act to have any material effect on its operations.

RESULTS AND DISCUSSION OF SEGMENT OPERATIONS

Presentation of Segment Information

NiSource's operations are divided into three primary business segments: Gas Distribution Operations, Columbia Pipeline Group (formerly known as Gas Transmission and Storage) Operations, and Electric Operations.

NiSource Inc.

Gas Distribution Operations

(in millions)	Three Months Ended September 30,				Nine Months Ended September 30,			
	2013		2012		**2013**		2012	
Net Revenues								
Sales revenues	**$**	**409.5**	$	379.0	**$**	**2,127.0**	$	1,883.2
Less: Cost of gas sold (excluding depreciation and amortization)		**131.7**		116.6		**964.6**		810.8
Net Revenues		**277.8**		262.4		**1,162.4**		1,072.4
Operating Expenses								
Operation and maintenance		**199.1**		174.8		**614.6**		552.6
Depreciation and amortization		**51.1**		47.9		**149.7**		141.2
Loss on sale of assets		**1.3**		—		**1.2**		—
Other taxes		**31.3**		29.3		**117.8**		115.2
Total Operating Expenses		**282.8**		252.0		**883.3**		809.0
Operating (Loss) Income	**$**	**(5.0)**	$	10.4	**$**	**279.1**	$	263.4
Revenues ($ in millions)								
Residential	**$**	**235.3**	$	213.4	**$**	**1,331.2**	$	1,208.1
Commercial		**68.7**		61.0		**452.2**		383.4
Industrial		**32.0**		32.5		**140.6**		127.7
Off System		**54.8**		46.4		**210.4**		125.3
Other		**18.7**		25.7		**(7.4)**		38.7
Total	**$**	**409.5**	$	379.0	**$**	**2,127.0**	$	1,88[illegible]
Sales and Transportation (MMDth)								
Residential		**15.2**		15.4		**182.0**		146.6
Commercial		**16.2**		19.7		**118.5**		106.1
Industrial		**120.7**		119.2		**367.4**		364.6
Off System		**15.6**		16.0		**55.7**		46.7
Other		**—**		—		**0.4**		0.2
Total		**167.7**		170.3		**724.0**		664.2
Heating Degree Days		**94**		123		**3,576**		2,859
Normal Heating Degree Days		**85**		88		**3,576**		3,627
% Colder (Warmer) than Normal		**11%**		40%		**—%**		(21)%
Customers								
Residential						**3,022,289**		3,006,298
Commercial						**276,219**		275,356
Industrial						**7,488**		7,706
Other						**22**		22
Total						**3,306,018**		3,289,382

NiSource's Gas Distribution Operations serve approximately 3.3 million customers in seven states: Ohio, Indiana, Pennsylvania, Massachusetts, Virginia, Kentucky and Maryland. The regulated subsidiaries offer both traditional bundled services as well as transportation only for customers that purchase gas from alternative suppliers. The operating results reflect the temperature-sensitive nature of customer demand with 74% of annual residential and commercial throughput affected by seasonality. As a result, segment operating income is higher in the first and fourth quarters reflecting the heating demand during the winter season.

Regulatory Matters

Refer to Note 6, "Regulatory Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for information on significant rate developments and cost recovery and trackers for the Gas Distribution Operations segment.

Customer Usage. Increased efficiency of natural gas appliances and improvements in home building codes and standards has contributed to a long-term trend of declining average use per customer. Usage for the nine months ended September 30, 2013 increased from the same period last year primarily due to colder weather compared to prior year. While historically, rate design at the distribution level has been structured such that a large portion of cost recovery is based upon throughput, rather than in a fixed charge, operating costs are largely incurred on a fixed basis, and do not fluctuate due to changes in customer usage. As a result, the NiSource LDCs have pursued changes in rate design to more effectively match recoveries with costs incurred. Each of the states in which the NiSource LDCs operate has different requirements regarding the procedure for establishing changes to rate design. Columbia of Ohio restructured its rate design through a base rate proceeding and has adopted a "de-coupled" rate design which more closely links the recovery of fixed costs with fixed charges. Columbia of Massachusetts and Columbia of Virginia received regulatory approval of decoupling mechanisms which adjust revenues to an approved benchmark level through a volumetric adjustment factor. Columbia of Maryland has received regulatory approval to implement a residential class revenue normalization adjustment, a decoupling mechanism whereby monthly revenues that exceed or fall short of approved levels are reconciled in subsequent months. In a prior base rate proceeding, Columbia of Pennsylvania implemented a higher fixed residential customer charge. In its 2010 rate case, Northern Indiana implemented a higher fixed customer charge for residential and small customer classes moving toward full straight fixed variable rate design. This rate design was also incorporated in the settlement of the 2011 merger of the three Indiana LDCs: Northern Indiana, Kokomo Gas and Northern Indiana Fuel and Light.

Environmental Matters

Various environmental matters occasionally impact the Gas Distribution Operations segment. As of September 30, 2013 , a reserve has been recorded to cover probable and estimable environmental response actions. Refer to Note 17-C, "Environmental Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for additional information regarding environmental matters for the Gas Distribution Operations segment.

Weather

In general, NiSource calculates the weather related revenue variance based on changing customer demand driven by weather variance from normal heating degree-days. Normal is evaluated using heating degree days across the NiSource distribution region. While the temperature base for measuring heating degree days (i.e. the estimated average daily temperature at which heating load begins) varies slightly across the region, the NiSource composite measurement is based on 65 degrees. NiSource composite heating degree days reported do not directly correlate to the weather related dollar impact on the results of Gas Distribution Operations. Heating degree days experienced during different times of the year or in different operating locations may have more or less impact on volume and dollars depending on when and where they occur. When the detailed results are combined for reporting, there may be weather related dollar impacts on operations when there is not an apparent or significant change in the aggregated NiSource composite heating degree-day comparison.

Weather in the Gas Distribution Operations' territories for the third quarter of 2013 was 11% colder than normal and 24% warmer than the third quarter in 2012 .

Weather in the Gas Distribution Operations' territories for the nine months ended September 30, 2013 was normal and 25% colder compared to the same period in 2012 .

Throughput

Total volumes sold and transported of 167.7 MMDth for the third quarter of 2013 decreased by 2.6 MMDth from the same period last year. This 1.5% decrease in volume was primarily attributable to warmer weather.

Total volumes sold and transported of 724.0 MMDth for the nine months ended September 30, 2013 increased by 59.8 MMDth from the same period last year. This 9.0% increase in volume was primarily attributable to colder weather compared to the prior year.

Net Revenues

Net revenues for the third quarter of 2013 were $277.8 million , an increase of $15.4 million from the same period in 2012 . The increase in net revenues is due primarily to an increase of $11.1 million for regulatory and service programs, including the impacts from the implementation of rates under Columbia of Ohio's approved infrastructure replacement program and the rate case at Columbia of Pennsylvania and increased trackers, which are offset in expense, of $7.1 million. These increases were partially offset by a settlement of $3.2 million at Columbia of Massachusetts related to a prior period contract.

At Northern Indiana, sales revenues and customer billings are adjusted for amounts related to under and over-recovered purchased gas costs from prior periods per regulatory order. These amounts are primarily reflected in the "Other" gross revenues statistic provided at the beginning of this segment discussion. The adjustment to Other gross revenues for the three and nine months ended September 30, 2013 was a revenue increase of $8.1 million and a decrease of $42.4 million, respectively, compared to an increase of $15.5 million and a decrease of $22.2 million for the three and nine months ended September 30, 2012, respectively.

Net revenues for the nine months ended September 30, 2013 were $1,162.4 million , an increase of $90.0 million from the same period in 2012. The increase in net revenues is due primarily to the effects of colder weather of $40.4 million, an increase of $28.5 million for regulatory and service programs, including the impacts from the implementation of rates under Columbia of Ohio's approved infrastructure replacement program and rate cases at Columbia of Massachusetts and Columbia of Pennsylvania, increased trackers, which are offset in expense, of $13.7 million, and an increase in residential and commercial usage of $5.7 million.

Operating (Loss) Income

For the third quarter of 2013 , Gas Distribution Operations reported an operating loss of $5.0 million , a decrease of $15.4 million from the comparable 2012 period. This decrease is due to an increase in operating expenses, partially offset by higher net revenues, as described above. Operating expenses were $30.8 million higher than the comparable period reflecting increased trackers, which are offset in net revenues, of $7.1 million, higher environmental costs of $6.3 million, increased outside services of $5.6 million, higher depreciation of $3.2 million due to an increase in capital expenditures placed in service, increased employee and administrative expenses of $2.6 million, higher uncollectibles of $2.1 million, increased other taxes, excluding trackers described above, of $1.8 million and a loss on the disposition of land of $1.3 million.

For the nine months ended September 30, 2013, Gas Distribution Operations reported operating income of $279.1 million , an increase of $15.7 million from the comparable 2012 period. Operating income increased as a result of higher net revenues, as described above, partially offset by increased operating expenses. Operating expenses were $74.3 million higher than the comparable period reflecting increased employee and administrative expenses of $18.0 million primarily due to increased IT support and enhancement projects and greater labor expense due to a growing workforce and reduced payroll capitalization, higher trackers, which are offset in net revenues, of $13.7 million, increased outside service costs of $12.6 million, higher environmental costs of $8.6 million, an increase in depreciation of $8.5 million due to an increase in capital expenditures placed in service, higher other taxes, excluding trackers described above, of $6.2 million, increased materials and supplies of $2.8 million and a loss on the disposition of land of $1.3 million.

NiSource Inc.

Columbia Pipeline Group Operations

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	**2013**	2012	**2013**	2012
Net Revenues				
Transportation revenues	**$ 176.4**	$ 109.3	**$ 558.9**	$ 506.9
Storage revenues	**48.6**	49.2	**147.8**	147.2
Other revenues	**57.7**	29.6	**151.2**	50.4
Total Sales Revenues	**282.7**	188.1	**857.9**	704.5
Less: Cost of sales (excluding depreciation and amortization)	**0.1**	—	**0.3**	1.0
Net Revenues	**282.6**	188.1	**857.6**	703.5
Operating Expenses				
Operation and maintenance	**165.3**	135.0	**448.0**	340.7
Depreciation and amortization	**26.7**	8.2	**78.9**	74.2
(Gain) Loss on sale of assets	**(11.1)**	—	**(11.3)**	0.1
Other taxes	**13.5**	14.1	**46.6**	43.8
Total Operating Expenses	**194.4**	157.3	**562.2**	458.8
Equity Earnings in Unconsolidated Affiliates	**10.5**	8.0	**25.6**	24.2
Operating Income	**$ 98.7**	$ 38.8	**$ 321.0**	$ 268.9
Throughput (MMDth)				
Columbia Transmission	**158.4**	189.1	**790.8**	[illegible]
Columbia Gulf	**134.0**	205.9	**494.0**	[illegible]
Crossroads Pipeline	**4.1**	3.3	**12.4**	11.7
Intrasegment eliminations	**(36.5)**	(86.1)	**(211.8)**	(314.6)
Total	**260.0**	312.2	**1,085.4**	1,145.8

NiSource's Columbia Pipeline Group Operations segment primarily consists of the operations of Columbia Transmission, Columbia Gulf, NiSource Midstream, NEVCO, Crossroads Pipeline, and the equity investments in Pennant, Millennium and Hardy Storage. In total, NiSource owns a pipeline network of approximately 15,000 miles extending from the Gulf of Mexico to New York and the eastern seaboard. The pipeline network serves customers in 16 northeastern, mid-Atlantic, midwestern and southern states, as well as the District of Columbia. In addition, the Columbia Pipeline Group Operations segment operates one of the nation's largest underground natural gas storage systems.

Columbia Pipeline Group Operations' most significant projects are as follows:

Big Pine Gathering System Project. The Columbia Pipeline Group Operations segment made an investment of approximately $165 million, which included right-of-way acquisitions and installation, refurbishment and operation of approximately 57 miles of pipeline facilities in the hydrocarbon-rich Western Pennsylvania shale production region. The newly constructed pipeline has an initial combined capacity of 425,000 MMcf per day. Natural gas production is being sourced from XTO Energy Inc., a subsidiary of ExxonMobil, in Butler County, Pennsylvania, and delivered to Columbia Transmission and two other third-party pipelines in Pennsylvania. The project was placed into service in April 2013.

Power Plant Generation Project. The Columbia Pipeline Group Operations segment is spending approximately $37 million on an expansion project, which includes new pipeline and modifications to existing compression assets, with Virginia Power Services Energy Corporation, Inc., the energy manager for Virginia Electric and Power Company. This project will expand the Columbia Transmission system in order to provide up to nearly 250,000 Dth per day of transportation capacity under a long-term, firm contract. The project is expected to be ready for commercial operations by mid-2014.

West Side Expansion. The Columbia Pipeline Group Operations segment is investing approximately $200 million in new pipelin[illegible]d compression to increase supply origination from the Smithfield and Waynesburg areas on the Columbia Transmission system and pro[illegible]a backhaul transportation path to Gulf Coast markets on the Columbia Gulf system. This investment will increase capacity up to 444,000 Dth per day from the Smithfield and Waynesburg areas and up to 540,000 Dth per day from Leach to Rayne

transporting Marcellus production under long-term, firm contracts. The project is expected to be in service by the fourth quarter of 2014 with limited interim service provided in 2012 through 2014.

East Side Expansion. The Columbia Pipeline Group Operations segment is developing its East Side Expansion project, which will provide access for Marcellus supplies to the northeastern and mid-Atlantic markets. Backed by binding precedent agreements, the project will add up to 312,000 Dth per day of capacity and is expected to be placed in service by the end of the third quarter 2015. Columbia Transmission continues to refine the engineering and construction costs of this approximately $275 million project.

Giles County Project. The Columbia Pipeline Group Operations segment is spending approximately $23 million to construct nearly thirteen miles of pipeline to provide 45,000 Dth per day of firm service to a third party off of its Line KA system into Columbia of Virginia's system. Columbia of Virginia will expand pipeline facilities and an existing direct connection with the third party's plant in Giles County, Virginia. The project is planned to be in-service by the fourth quarter 2014.

Line 1570 Expansion . The Columbia Pipeline Group Operations segment is replacing 18.7 miles of 20-inch bare steel pipe with 24-inch pipe from Waynesburg, Pennsylvania to Redd Farm, Pennsylvania at an approximate cost of $20 million. The project also includes the installation of two compressors at Redd Farm and an uprate in horsepower at Waynesburg, increasing capacity by nearly 100,000 Dth per day. The project is expected to be in service by the end of the fourth quarter 2014.

Equity Investments

Pennant. NiSource Midstream entered into a 50:50 joint venture in 2012 with affiliates of Hilcorp to construct new wet natural gas gathering pipeline infrastructure and natural gas liquids (NGL) processing facilities to support natural gas production in the Utica Shale region of northeastern Ohio and western Pennsylvania. NiSource Midstream and Hilcorp jointly own Pennant with NiSource Midstream serving as the operator of Pennant and the facilities. NiSource accounts for the joint venture under the equity method of accounting.

Pennant is investing in the construction of approximately 55 miles of 20-24 inch wet gas gathering pipeline facilities with a capacity of approximately 600 MMcf per day. In addition, Pennant is installing a gas processing facility in New Middletown, Ohio that will have an initial capacity of 200 MMcf per day. Consistent with the terms of the joint venture, NiSource Midstream will operate the gas processing facility and associated wet gas gathering system. The joint venture is designed and anticipated to serve other producers with significant acreage development in the area with an interest in obtaining capacity on the system. NiSource Midstream's initial investment in this area, including the pipeline and the processing plant, is expected to be approximately $160 million. A portion of the facilities are expected to be in service in the fourth quarter of 2013 and the remainder will be in service in the second quarter of 2014.

Pennant is also investing approximately $60 million to construct a 12-inch, 38-mile NGL pipeline that will connect the gas processing facility to the UEO Kensington facility near Kensington, Columbiana County, Ohio and will have the capacity to initially deliver up to approximately 90,000 barrels a day. The construction of this pipeline will enhance the Pennant gathering and processing facility to become a full-service solution for providers in the northern Utica shale region, offering access to wet gas gathering and processing, as well as residue gas and NGL takeaway to attractive market destinations. Construction is expected to be completed in the third quarter of 2014.

During the third quarter of 2013, NiSource Midstream made cash contributions to Pennant totaling $41.9 million. A cash contribution of $0.4 million was made to Pennant during the third quarter of 2012. For the nine months ended September 30, 2013, NiSource Midstream made cash contributions to Pennant of $68.0 million. In October 2013, NiSource Midstream made a cash contribution to Pennant of $16.5 million to fund its continued construction activities.

In a separate agreement with Hilcorp, test wells were drilled in 2012 and continue in 2013 to support the development of the hydrocarbon potential on more than 100,000 combined acres in the Utica/Point Pleasant Shale formation. Production wells are being drilled in 2013, with the full production program in development. NiSource will invest alongside Hilcorp in the development of the acreage, owning both a working and overriding royalty interest. All of the Hilcorp/NiSource acreage is dedicated to Pennant.

Millennium. Millennium operates approximately 250 miles of pipeline granted under the authority of the FERC. The Millennium pipeline has the capability to transport up to 525,400 Dth per day of natural gas to markets along its route, which lies between Corning, New York and Ramapo, New York, as well as to the New York City market through its pipeline interconnections. Columbia

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

NiSource Inc.
Columbia Pipeline Group Operations

Transmission owns a 47.5% interest in Millennium and acts as operator for the pipeline in partnership with DTE Millennium Company and National Grid Millennium LLC, which each own an equal remaining share of the company.

During the third quarter of 2013 and 2012, Columbia Transmission made contributions to Millennium to fund its share of capital projects of $2.4 million and $3.3 million, respectively. For the same respective periods, Columbia Transmission received distributions of earnings of $6.2 million and $7.1 million. For the nine months ended September 30, 2013, Columbia Transmission made contributions of $9.0 million and received distributions of $17.1 million. For the same period last year, Columbia Transmission made contributions of $10.9 million and received distributions of $22.8 million.

Millennium continued to make progress on two projects, which began in 2012, that will add nearly 30,000 hp of compression to its system, driven to meet the contractual obligations of its anchor shippers. The first project went into service on June 1, 2013 and increased capacity at its interconnections with Algonquin Gas Transmission to 675,000 Dth per day, a total investment of approximately $45 million. The second project includes a total investment of approximately $45 million that will increase capacity by 175,000 Dth per day with interconnections to other third-party facilities. The second project is expected to be in service by April 1, 2014. Columbia Transmission's share of the above investments is limited to its 47.5% interest in Millennium.

Hardy Storage. Hardy Storage is a 50:50 joint venture between subsidiaries of Columbia Transmission and Piedmont that manages an underground storage field in Hardy and Hampshire counties in West Virginia. Columbia Transmission serves as operator of the company, which is regulated by the FERC. Hardy Storage has a working storage capacity of 12 Bcf and the ability to deliver 176,000 Dth of natural gas per day.

During the third quarter of 2013, NiSource received $0.5 million of available accumulated earnings. For the same period last year, NiSource received $0.8 million of available accumulated earnings. For the nine months ended September 30, 2013 and 2012, NiSource received $1.9 million and $2.3 million, respectively, of available accumulated earnings. NiSource made no contributions during 2013 or 2012.

Rates and Percentage of Physical Capacity Sold

Columbia Transmission and Columbia Gulf compete for transportation customers based on the type of service a customer needs, operating flexibility, available capacity and price. Columbia Gulf and Columbia Transmission provide a significant portion of total transportation services under firm contracts and derive a smaller portion of revenues through interruptible contracts, with management seeking to maximize the portion of physical capacity sold under firm contracts.

Firm service contracts require pipeline capacity to be reserved for a given customer between certain receipt and delivery points. Firm customers generally pay a "capacity reservation" fee based on the amount of capacity being reserved regardless of whether the capacity is used, plus an incremental usage fee when the capacity is used. Annual capacity reservation revenues derived from firm service contracts generally remain constant over the life of the contract because the revenues are based upon capacity reserved and not whether the capacity is actually used. The high percentage of revenue derived from capacity reservation fees mitigates the risk of revenue fluctuations within the Columbia Pipeline Group Operations segment due to changes in near-term supply and demand conditions. The following percentages for 2012 exclude the impact of the $50 million refund obligation recorded in the third quarter 2012 resulting from the Columbia Transmission customer settlement. For the quarter ended September 30, 2013 , approximately 93.7% of the transportation revenues were derived from capacity reservation fees paid under firm contracts and 4.1% of the transportation revenues were derived from usage fees under firm contracts compared to approximately 91.0% and 5.4%, respectively, for the quarter ended September 30, 2012 . For the nine months ended September 30, 2013 , approximately 92.9% of the transportation revenues were derived from capacity reservation fees paid under firm contracts and 5.3% of the transportation revenues were derived from usage fees under firm contracts compared to approximately 91.4% and 6.0% respectively, for the nine months ended September 30, 2012 .

Interruptible transportation service is typically short term in nature and is generally used by customers that either do not need firm service or have been unable to contract for firm service. These customers pay a usage fee only for the volume of gas actually transported. The ability to provide this service is limited to available capacity not otherwise used by firm customers, and customers receiving services under interruptible contracts are not assured capacity in the pipeline facilities. Columbia Pipeline Group Operations provides interruptible service at competitive prices in order to capture short term market opportunities as they occur and interruptible service is viewed by management as an important strategy to optimize revenues from the gas transmission assets. For the quarters ended September 30, 2013 and 2012 , approximately 2.2% and 3.6%, respectively, of the transportation revenues were derived from interruptible contracts. For the nine months ended September 30, 2013 and 2012, approximately 1.8% and 2.6%, respectively, of the transportation revenues were derived from interruptible contracts.

Regulatory Matters

Refer to Note 6, "Regulatory Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for information on regulatory matters for the Columbia Pipeline Group Operations segment.

Environmental Matters

Various environmental matters occasionally impact the Columbia Pipeline Group Operations segment. As of September 30, 2013 , a reserve has been recorded to cover probable and estimable environmental response actions. Refer to Note 17-C, "Environmental Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for additional information regarding environmental matters for the Columbia Pipeline Group Operations segment.

Throughput

Columbia Transmission's throughput consists of gas transportation service deliveries to LDC city gates, to gas fired power plants, other industrial customers, or other interstate pipelines in its market area. Columbia Transmission's market area covers portions of northeastern, mid-Atlantic, midwestern, and southern states as well as the District of Columbia. Gas delivered via transportation services to storage is not accounted for as throughput until it is withdrawn from storage and delivered to one of the aforementioned locations via a transportation service. Throughput for Columbia Gulf traditionally consists of gas delivered to Columbia Transmission at Leach, Kentucky as well as gas delivered south of Leach to other interstate pipelines or to an LDC's city gate. Recent changes in market conditions have resulted in more non-traditional throughput such as backhaul transportation services that originate in Leach that flow southward. Columbia Gulf has begun to flow gas in a southerly direction from its Louisiana interconnects to markets in the southeastern United States. Crossroads Pipeline serves customers in Northern Indiana and Ohio via gas flowing west to east originating from outside the Chicago area to Cygnet, Ohio where it interconnects with Columbia Transmission. Intra-segment eliminations represent gas delivered to an affiliated pipeline within the segment.

Throughput for the Columbia Pipeline Group Operations segment totaled 260.0 MMDth for the third quarter of 2013, compared to [illegible]2 MMDth for the same period in 2012 . The decrease of 52.2 MMDth was primarily attributable to a decrease in value between traditional Gulf Coast supplies and Columbia Pipeline Group's markets.

Throughput for the Columbia Pipeline Group Operations segment totaled 1,085.4 MMDth for the nine months ended September 30, 2013 , compared to 1,145.8 MMDth for the same period in 2012 . The colder weather, which drove a majority of the increase on the Columbia Transmission system, was more than offset by the impact from increased production of Appalachian shale gas that resulted in fewer deliveries being made by Columbia Gulf to Columbia Transmission at Leach, Kentucky.

Net Revenues

Net revenues were $282.6 million for the third quarter of 2013 , an increase of $94.5 million from the same period in 2012 . The increase in net revenues is primarily due to the 2012 customer settlement at Columbia Transmission, which resulted in an increase in net revenues of $66.0 million and higher regulatory trackers, which are offset in expense, of $26.7 million.

Net revenues were $857.6 million for the nine months ended September 30, 2013, an increase of $154.1 million from the same period in 2012. The increase in net revenues is due primarily to higher regulatory trackers, which are offset in expense, of $96.5 million, the impacts of the customer settlement at Columbia Transmission, which resulted in an increase in net revenues of $50.2 million, higher commodity and demand revenue of $4.7 million and increased mineral rights royalty revenue of $4.4 million. These increases were partially offset by lower shorter term transportation services of $3.5 million.

Operating Income

Operating income was $98.7 million for the third quarter of 2013 , an increase of $59.9 million from the third quarter of 2012. Operating income increased as a result of higher net revenues, as described above, and higher equity earnings, partially offset by increased operating expenses. Operating expenses increased $37.1 million primarily as a result of increased regulatory trackers, which are offset in net revenues, of $26.7 million, higher depreciation of $18.5 million primarily due to the Columbia Transmission customer settlement and software data conversion costs of $7.5 million. These increases were partially offset by a gain on the sale of storage base gas of $11.1 million and decreased outside services of $2.2 million. Equity earnings increased $2.5 million primarily from higher earnings at Millennium.

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

NiSource Inc.

Columbia Pipeline Group Operations

Operating income was $321.0 million for the nine months ended September 30, 2013, an increase of $52.1 million from the comparable 2012 period. Operating income increased as a result of higher net revenues, as described above, partially offset by increased operating expenses. Operating expenses increased $103.4 million primarily as a result of increased regulatory trackers, which are offset in net revenues, of $96.5 million, software data conversion costs of $7.5 million, higher depreciation of $4.7 million primarily due to increased capital expenditures placed in service, an increase in employee and administrative expenses of $3.8 million and higher other taxes of $2.8 million. These increases were partially offset by a gain on the sale of storage base gas of $11.1 million.

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

NiSource Inc.

Electric Operations

(in millions)		Three Months Ended September 30, 2013		Three Months Ended September 30, 2012		Nine Months Ended September 30, 2013		Nine Months Ended September 30, 2012
Net Revenues								
Sales revenues	$	**413.7**	$	418.5	$	**1,176.4**	$	1,149.0
Less: Cost of sales (excluding depreciation and amortization)		**142.2**		141.7		**408.4**		382.5
Net Revenues		**271.5**		276.8		**768.0**		766.5
Operating Expenses								
Operation and maintenance		**107.1**		113.2		**323.7**		333.0
Depreciation and amortization		**60.6**		63.7		**184.2**		186.2
Other taxes		**16.3**		16.2		**47.9**		47.1
Total Operating Expenses		**184.0**		193.1		**555.8**		566.3
Operating Income	$	**87.5**	$	83.7	$	**212.2**	$	200.2
Revenues ($ in millions)								
Residential	$	**122.1**	$	126.5	$	**326.1**	$	320.1
Commercial		**116.8**		111.8		**324.8**		316.4
Industrial		**155.3**		137.3		**467.0**		443.0
Wholesale		**3.1**		4.8		**20.8**		12.4
Other		**16.4**		38.1		**37.7**		57.1
Total	$	**413.7**	$	418.5	$	**1,176.4**	$	1,1[illegible]
Sales (Gigawatt Hours)								
Residential		**1,000.5**		1,118.7		**2,633.7**		2,761.1
Commercial		**1,066.1**		1,071.1		**2,929.9**		2,955.3
Industrial		**2,337.2**		2,247.9		**6,913.1**		6,964.9
Wholesale		**108.6**		157.9		**664.6**		233.0
Other		**31.3**		26.7		**91.5**		85.1
Total		**4,543.7**		4,622.3		**13,232.8**		12,999.4
Cooling Degree Days		**531**		674		**781**		1,051
Normal Cooling Degree Days		**570**		578		**799**		808
% (Colder) Warmer than Normal		**(7)%**		17%		**(2)%**		30%
Electric Customers								
Residential						**401,174**		400,158
Commercial						**54,267**		53,884
Industrial						**2,371**		2,441
Wholesale						**728**		715
Other						**6**		6
Total						**458,546**		457,204

NiSource generates and distributes electricity, through its subsidiary Northern Indiana, to approximately 459 thousand customers in 20 counties in the northern part of Indiana. The operating results reflect the temperature-sensitive nature of customer demand with annual sales affected by temperatures in the northern part of Indiana. As a result, segment operating income is generally higher in the second and third quarters, reflecting cooling demand during the summer season.

Electric Supply

On October 28, 2011, Northern Indiana filed its 2011 Integrated Resource Plan with the IURC. The plan evaluates demand-side and supply-side resource alternatives to reliably and cost-effectively meet Northern Indiana customers' future energy requirements

over the next twenty years. Existing resources are expected to be sufficient, assuming favorable outcomes for environmental upgrades, to meet customers' needs for the next decade. Northern Indiana continues to monitor and assess economic, regulatory and legislative activity, and will update its resource plan as appropriate.

Regulatory Matters
Refer to Note 6, "Regulatory Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for information on significant rate developments and cost recovery and trackers for the Electric Operations segment.

Environmental Matters
Various environmental matters occasionally impact the Electric Operations segment. As of September 30, 2013 , a reserve has been recorded to cover probable and estimable environmental response actions. Refer to Note 17-C, "Environmental Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for additional information regarding environmental matters for the Electric Operations segment.

Sales
Electric Operations sales quantities for the third quarter 2013 were 4,543.7 gwh, a decrease of 78.6 gwh compared to the third quarter of 2012 . The 1.7% decrease is primarily attributable to a decrease in residential usage.

Electric Operations sales quantities for the nine months ended September 30, 2013 were 13,232.8 gwh, an increase of 233.4 gwh compared to the same period in 2012 . The 1.8% increase is primarily attributable to an increase in wholesale usage.

Net Revenues
Net revenues were $271.5 million for the third quarter of 2013, a decrease of $5.3 million from the same period in 2012. The decrease in net revenues is due primarily to the effects of colder weather of $8.9 million, lower environmental trackers, which are offset in expense, of $8.4 million, a decrease of $3.8 million related to the final reconciliation of the revenue credit recorded in 2012 and lower residential margins of $1.6 million. These decreases were partially offset by an increase in environmental investment cost recovery of $7.2 million and higher commercial and industrial margins of $6.9 million.

At Northern Indiana, sales revenues and customer billings are adjusted for amounts related to under and over-recovered purchased fuel costs from prior periods per regulatory order. These amounts are primarily reflected in the "Other" gross revenues statistic provided at the beginning of this segment discussion. The adjustment to Other gross revenues for the three and nine months ended September 30, 2013 was a revenue increase of $6.9 million and $6.6 million, respectively, compared to an increase of $17.3 million and a decrease of $0.9 million for the three and nine months ended September 30, 2012 , respectively.

Net revenues were $768.0 million for the nine months ended September 30, 2013 , an increase of $1.5 million from the same period in 2012. The increase in net revenues is due primarily to an increase in environmental investment cost recovery of $20.4 million, higher industrial, residential and commercial margins of $10.0 million and transmission upgrade revenue of $6.5 million. These increases were partially offset by the effects of colder weather of $13.0 million, lower environmental trackers, which are offset in expense, of $12.2 million, a decrease of $4.7 million related to the final reconciliation of the revenue credit recorded in 2012, higher fuel handling costs of $3.3 million and a decrease in a RTO recovery mechanism of $2.9 million, which is offset in expense.

Operating Income
For the third quarter of 2013, Electric Operations reported operating income of $87.5 million , an increase of $3.8 million from the comparable 2012 period. Operating income increased as a result of decreased operating expenses partially offset by lower net revenues, as described above. Operating expenses decreased $9.1 million due primarily to lower environmental trackers, which are offset in net revenues, of $8.4 million, decreased storm damage costs of $2.8 million and lower electric generation costs of $2.7 million. These decreases were partially offset by higher employee and administrative costs of $3.8 million.

For the nine months ended September 30, 2013 , Electric Operations reported operating income of $212.2 million , an increase of $12.0 million from the comparable 2012 period. Operating income increased as a result of higher net revenues, as described above, and decreased operating expenses. Operating expenses decreased $10.5 million due primarily to lower environmental trackers, which are offset in net revenues, of $12.2 million, decreased electric generation costs of $11.2 million as a result of the timing of outages and maintenance and lower MISO fees of $2.9 million, which are offset in revenue by a RTO recovery mechanism. These decreases were partially offset by increased employee and administrative expenses of $12.3 million and higher depreciation and amortization, excluding trackers described above, of $4.0 million.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

NiSource Inc.

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

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

NiSource's Chief Executive Officer and its Principal Financial Officer, after evaluating the effectiveness of NiSource's disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)), have concluded based on the evaluation required by paragraph (b) of Exchange Act Rules 13a-15 and 15d-15 that, as of the end of the period covered by this report, NiSource's disclosure controls and procedures are considered effective.

Disclosure controls and procedures include, without limitation, controls and procedures designed to provide reasonable assurance that information required to be disclosed by NiSource in the reports that it files or submits under the Exchange Act is accumulated and communicated to NiSource's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Controls

During the quarter ended September 30, 2013, NiSource implemented the first phase of a multi-year process of migrating its subsidiaries to a common financial general ledger. During this phase, Columbia of Massachusetts migrated to the new general ledger system. Additional phases will continue through the end of 2015 with other NiSource subsidiaries migrating to the common financial general ledger. The implementation is not being made in response to any deficiency in our internal controls. This implementation has resulted in certain changes to business processes and internal controls impacting our financial reporting. NiSource has taken steps to monitor and maintain appropriate internal control over financial reporting during this phase and will continue to evaluate the operating effectiveness of related controls during subsequent phases and periods.

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

PART II

ITEM 1. LEGAL PROCEEDINGS

NiSource Inc.

In 1995, Columbia Transmission entered into an AOC with the EPA that requires Columbia Transmission to characterize and remediate environmental contamination at thousands of locations along Columbia Transmission's pipeline system. One of the facilities subject to the AOC is the Majorsville Operations Center, which was remediated under the EPA approved Remedial Action Work Plan in summer of 2008. The completed work was approved by the EPA, and Columbia Transmission continues to monitor the site subject to the EPA oversight.

On April 23, 2009, however, the PADEP issued Columbia Transmission an NOV, alleging that the remediation did not fully address the site's impact on an adjacent stream, which Columbia Transmission disputes. The NOV asserts violations of the Pennsylvania Clean Streams Law and the Pennsylvania Solid Waste Management Act and contains a settlement demand in the amount of $1 million. The PADEP has not initiated a legal proceeding since issuance of the NOV. Columbia Transmission believes that it is reasonably unlikely that a penalty will be assessed.

ITEM 1A. RISK FACTORS

There were no material changes from the risk factors disclosed in NiSource's 2012 Annual Report on Form 10-K filed on February 19, 2013.

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

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

NiSource Inc.

(10.1) Amended and Restated Revolving Credit Agreement (the "Agreement") with the lenders party thereto, Barclays Bank PLC, as Administrative Agent, Credit Suisse Securities (USA) LLC, as Syndication Agent, The Bank of Tokyo-Mitsubishi UFJ Ltd., Citibank, N.A. and JPMorgan Chase Bank, N.A., as Co-Documentation Agents, and Barclays Bank PLC, Credit Suisse Securities (USA) LLC, The Bank of Tokyo-Mitsubishi UFJ, Ltd., Citigroup Global Markets, Inc. and J.P. Morgan Securities LLC as Joint Lead Arrangers and Joint Bookrunners dated September 30, 2013.

(31.1) Certification of Robert C. Skaggs, Jr., Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

(31.2) Certification of Stephen P. Smith, Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

(32.1) Certification of Robert C. Skaggs, Jr., Chief Executive Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).

(32.2) Certification of Stephen P. Smith, Chief Financial Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).

(101.INS) XBRL Instance Document

(101.SCH) XBRL Schema Document

(101.CAL) XBRL Calculation Linkbase Document

(101.LAB) XBRL Labels Linkbase Document

(101.PRE) XBRL Presentation Linkbase Document

(101.DEF) XBRL Definition Linkbase Document

Pursuant to Item 601(b)(4)(iii) of Regulation S-K, NiSource hereby agrees to furnish the SEC, upon request, any instrument defining the rights of holders of long-term debt of NiSource not filed as an exhibit herein. No such instrument authorizes long-term debt securities in excess of 10% of the total assets of NiSource and its subsidiaries on a consolidated basis.

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 31, 2013	By:	/s/ Jon D. Veurink
		Jon D. Veurink Vice President and Chief Accounting Officer (Principal Accounting Officer and Duly Authorized Officer)

Exhibit 10.1

SECOND AMENDED AND RESTATED REVOLVING CREDIT AGREEMENT

among

NISOURCE FINANCE CORP.,
as Borrower,

NISOURCE INC.,
as Guarantor,

THE LENDERS PARTY HERETO,

CREDIT SUISSE SECURITIES(USA) LLC
as Syndication Agent,

THE BANK OF TOKYO-MITSUBISHI UFJ, LTD.,
CITIBANK, N.A.
and
JPMORGAN CHASE BANK, N.A.,
as Co-Documentation Agents

BARCLAYS BANK PLC,
as Administrative Agent,

BARCLAYS BANK PLC
CREDIT SUISSE SECURITIES(USA) LLC
THE BANK OF TOKYO-MITSUBISHI UFJ, LTD.
CITIGROUP GLOBAL MARKETS, INC.
and
J.P. MORGAN SECURITIES LLC
Joint Lead Arrangers and Joint Bookrunners

Dated as of September 30, 2013

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ANNEXES, EXHIBITS AND SCHEDULES

SECOND AMENDED AND RESTATED REVOLVING CREDIT AGREEMENT , dated as of September 30, 2013 (this " *Agreement* "), among **NISOURCE FINANCE CORP.** , an Indiana corporation, as Borrower (the " *rower* "), **NISOURCE INC.** , a Delaware corporation (" *NiSource* "), as Guarantor (the " *Guarantor* "), the Lead angers and other Lenders from time to time party hereto, the Co-Documentation Agents party hereto, **CREDIT SUISSE SECURITIES (USA) LLC** , as Syndication Agent and **BARCLAYS BANK PLC** , as administrative agent for the Lenders hereunder (in such capacity, the " *Administrative Agent* ").

WITNESSETH:

WHEREAS , the Borrower, the Guarantor, certain Lenders and the Administrative Agent are parties to the Existing Credit Agreement (as defined herein) pursuant to which, among other things, the Lenders agreed to enter, subject to the terms and conditions set forth therein, into a revolving credit facility in an aggregate amount of \$1,500,000,000; and

WHEREAS , the parties hereto have agreed to amend and restate the Existing Credit Agreement pursuant to the terms and conditions of this Agreement;

NOW , **THEREFORE** , the parties hereto hereby agree as follows:

Article I

DEFINITIONS

SECTION 1.01. ***Defined Terms.*** As used in this Agreement, the following terms have the meanings specified ow:

" ***ABR*** ", when used in reference to any Loan or Borrowing, refers to whether such Loan is, or the Loans comprising such Borrowing are, bearing interest at a rate determined by reference to the Alternate Base Rate.

" ***Administrative Questionnaire*** " means an Administrative Questionnaire in a form supplied by the Administrative Agent.

" ***Affiliate*** " means, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

" ***Aggregate Commitments*** " means the aggregate amount of the Commitments of all Lenders, as in effect from time to time. As of the date hereof, the Aggregate Commitments equal \$2,000,000,000.

" ***Alternate Base Rate*** " means, for any day, a rate *per annum* equal to the greatest of (a) the Prime Rate in effect on such day, (b) the Federal Funds Effective Rate in effect on such day plus 1/2 of 1% and (c) 1.0% per annum plus the LIBO Rate applicable to an Interest Period of one month on such day (or if such day is not a Business Day, the immediately preceding Business Day), provided that, for the avoidance of doubt, the LIBO Rate for any day shall be based on the rate appearing on Reuters Screen LIBOR01 Page (or on any successor or substitute page of such page) at approximately 11:00 a.m. London time on such day. Any change in the Alternate Base Rate due to a change in the Prime Rate, the Federal Funds Effective Rate or the one-month LIBO Rate shall be effective from and including the effective date of such change in the Prime Rate, the Federal Funds Effective Rate or the one-month LIBO Rate, respectively.

" ***Applicable Percentage*** " means, with respect to any Lender, the percentage of the Aggregate Commitments represented by such Lender's Commitment; provided that, in the case of Section 2.20 when a Defaulting Lender shall exist, "Applicable Percentage" shall mean the percentage of the Aggregate Commitment (disregarding any Defaulting Lender's Commitment) represented by such Lender's Commitment. If the Commitments have terminated or expired, the Applicable Percentages shall be determined based upon the Commitments most recently in effect, giving effect to any assignments and to any Lender's status as a Defaulting Lender at the time of determination.

" ***Applicable Rate*** " means, for any day, with respect to any ABR Loan, Eurodollar Revolving Loan, or Swingline Loan or with respect to the Facility Fees and the LC Risk Participation Fee payable hereunder, as the case may be, the applicable rate *per annum* determined pursuant to the Pricing Grid.

" ***Arrangers*** " means each of Barclays, Credit Suisse Securities (USA) LLC, The Bank of Tokyo-Mitsubishi UFJ, Ltd., Citigroup Global Markets, Inc. and J.P. Morgan Securities LLC.

" ***Assignment and Assumption*** " means an assignment and assumption entered into by a Lender and an assignee (with the consent of any party whose consent is required by Section 11.04), and accepted by the Administrative Agent, in the form of Exhibit A or any other form approved by the Administrative Agent.

" ***Authorized Officer*** " means the president, chief financial officer or the treasurer of the Borrower; provided that solely with respect to the submission of a Borrowing Request or a Swingline Request, " ***Authorized Officer*** " shall also mean the assistant treasurer or the treasury operations manager of the Borrower.

" ***Availability Period*** " means the period from and including the Effective Date to but excluding the Termination Date.

" ***Bankruptcy Event*** " means, with respect to any Person, such Person becomes the subject of a bankruptcy or insolvency proceeding, or has had a receiver, conservator, trustee, administrator, custodian, assignee for the benefit of creditors or similar Person charged with the reorganization or liquidation of its business appointed for it, or, in the good faith determination of the Administrative Agent, has taken any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any such proceeding or appointment, provided that a Bankruptcy Event shall not result solely by virtue of any ownership interest, or the acquisition of any ownership interest, in such Person by a

Governmental Authority or instrumentality thereof, provided, further, that such ownership interest does not result in or provide such Person with immunity from the jurisdiction of courts within the United States of America or from the enforcement of judgments or writs of attachment on its assets or permit such Person (or such Governmental Authority or instrumentality) to reject, repudiate, disavow or disaffirm any contracts or agreements made by such Person.

" ***Barclays*** " means Barclays Bank PLC, a company incorporated in United Kingdom.

" ***Beneficiary*** " has the meaning set forth in Section 10.01.

" ***Board*** " means the Board of Governors of the Federal Reserve System of the United States of America.

" ***Borrower*** " means NiSource Finance Corp., an Indiana corporation.

" ***Borrowing*** " means Loans of the same Type and Class, made, converted or continued on the same date and, in the case of Eurodollar Loans, as to which a single Interest Period is in effect.

" ***Borrowing Request*** " means a request by the Borrower for a Revolving Borrowing in accordance with Section 2.02.

" ***Business Day*** " means any day that is not a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law to remain closed; *provided* that, when used in connection with a Eurodollar Loan, the term " ***Business Day*** " shall also exclude any day on which banks are not open for dealings in dollar deposits in the London interbank market.

" ***Capital Lease*** " means, as to any Person, any lease of real or personal property in respect of which the obligations of the lessee are required, in accordance with GAAP, to be capitalized on the balance sheet of such Person.

" ***Capital Stock*** " means any and all shares, interests, participations or other equivalents (however designated) of capital stock of a corporation, any and all equivalent ownership interests in a Person other than a corporation (including, but not limited to, all common stock and preferred stock and partnership, membership and joint venture interests in a Person), and any and all warrants, rights or options to purchase any of the foregoing.

" ***Cash Account*** " has the meaning set forth in Section 8.01.

" ***CERCLA*** " means the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act, 42. U.S.C. Section 9601 et seq., as amended.

" ***Change in Law*** " means the occurrence, after the date of this Agreement (or with respect to any Lender, if later, the date on which such Lender becomes a Lender), of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation or application thereof by any Governmental Authority or (c) the making or issuance of any request, rules, guideline, requirement or directive (whether or not having the force of law) by any Governmental Authority; provided , however , that notwithstanding anything herein to the contrary, (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines, requirements and directives thereunder, issued in connection therewith or in implementation thereof, and (ii) all requests, rules, guidelines, requirements and directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States of America or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a "Change in Law" regardless of the date enacted, adopted, issued or implemented.

" ***Change of Control*** " means (a) any "person" or "group" within the meaning of Sections 13(d) and 14 (d)(2) of the Securities Exchange Act of 1934, as amended, shall become the "beneficial owner" (as defined in Rule 13d−3 under the Securities Exchange Act of 1934, as amended) of more than 50% of the then outstanding voting Capital Stock of the Guarantor, (b) Continuing Directors shall cease to constitute at least a majority of the directors constituting the Board of Directors of the Guarantor, (c) a consolidation or merger of the Guarantor shall occur after which the holders of the outstanding voting Capital Stock of the Guarantor immediately prior thereto hold less than 50% of the outstanding voting Capital Stock of the surviving entity; (d) more than 50% of the outstanding voting Capital Stock of the Guarantor shall be transferred to an entity of which the Guarantor owns less than 50% of the outstanding voting Capital Stock; (e) there shall occur a sale of all or substantially all of the assets of the Guarantor; or (f) the Borrower, NIPSCO or Columbia shall cease to be a Wholly-Owned Subsidiary of the Guarantor (except to the extent otherwise permitted under clauses (i), (ii), (iii) or (iv) of Section 6.01(b)).

" ***Class*** ", when used in reference to any Loan or Borrowing, refers to whether such Loan is, or the Loans comprising such Borrowing are, Revolving Loans or Swingline Loans.

" ***Co-Documentation Agents*** " means The Bank of Tokyo-Mitsubishi UFJ, Ltd., Citibank, N.A. and JPMorgan Chase Bank, N.A., in their respective capacities as co-documentation agents for the Lenders hereunder.

" ***Code*** " means the Internal Revenue Code of 1986, as amended from time to time.

" ***Columbia*** " means Columbia Energy Group, a Delaware corporation.

" ***Commitment*** " means, with respect to each Lender, the commitment of such Lender to make Revolving Loans hereunder and to participate in Letters of Credit issued hereunder as set forth herein, as such commitment may be (a) reduced from time to time or terminated pursuant to Section 2.07 or Section 2.09 and (b) reduced or increased from time to time pursuant to assignments by or to such Lender pursuant to Section 11.04. The initial amount of each Lender's Commitment is (x) the amount set forth on Schedule 2.01 opposite such

Lender's name; or (y) the amount set forth in the Assignment and Assumption pursuant to which such Lender shall have assumed its Commitment, as applicable.

" ***Connection Income Taxes*** " means Other Connection Taxes that are imposed on or measured by net income (however denominated) or that are franchise Taxes.

" ***Consolidated Capitalization*** " means the sum of (a) Consolidated Debt, (b) consolidated common equity of the Guarantor and its Consolidated Subsidiaries determined in accordance with GAAP, and (c) the aggregate liquidation preference of preferred stocks (other than preferred stocks subject to mandatory redemption or repurchase) of the Guarantor and its Consolidated Subsidiaries upon involuntary liquidation.

" ***Consolidated Debt*** " means, at any time, the Indebtedness of the Guarantor and its Consolidated Subsidiaries that would be classified as debt on a balance sheet of the Guarantor determined on a consolidated basis in accordance with GAAP.

" ***Consolidated Subsidiary*** " means, on any date, each Subsidiary of the Guarantor the accounts of which, in accordance with GAAP, would be consolidated with those of the Guarantor in its consolidated financial statements if such statements were prepared as of such date.

" ***Contingent Guaranty*** " means a direct or contingent liability in respect of a Project Financing (whether incurred by assumption, guaranty, endorsement or otherwise) that either (a) is limited to guarantying performance of the completion of the Project that is financed by such Project Financing or (b) is contingent upon, or the obligation to pay or perform under which is contingent upon, the occurrence of any event other than failure of the primary obligor to pay upon final maturity (whether by acceleration or otherwise).

" ***Continuing Directors*** " means (a) all members of the board of directors of the Guarantor who have held office continually since the Effective Date, and (b) all members of the board of directors of the Guarantor who were elected as directors after the Effective Date and whose nomination for election was approved by a vote of at least 50% of the Continuing Directors.

" ***Contractual Obligation*** " means, as to any Person, any provision of any security issued by such Person or of any agreement, instrument or other undertaking to which such Person is a party or by which it or any of its property is bound.

" ***Control*** " means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. " ***Controlling*** " and " ***Controlled*** " have meanings correlative thereto.

" ***Credit Documents*** " means (a) this Agreement, any promissory notes executed pursuant to Section 2.10, and any Assignment and Assumptions, (b) any certificates, opinions and other documents required to be delivered pursuant to Section 3.01 and (c) any other documents delivered by a Credit Party pursuant to or in connection with any one or more of the foregoing.

" ***Credit Party*** " means each of the Borrower and the Guarantor; and " ***Credit Parties*** " means the Borrower and the Guarantor, collectively.

" ***Creditor Party*** " means the Administrative Agent, any LC Bank, the Swingline Lender or any other Lender.

" ***Debt for Borrowed Money*** " means, as to any Person, without duplication, (a) all obligations of such Person for borrowed money, (b) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (c) all Capital Lease obligations of such Person, and (d) all obligations of such Person under synthetic leases, tax retention operating leases, off-balance sheet loans or other off-balance sheet financing products that, for tax purposes, are considered indebtedness for borrowed money of the lessee but are classified as operating leases under GAAP.

" ***Debt to Capitalization Ratio*** " means, at any time, the ratio of Consolidated Debt to Consolidated Capitalization.

" ***Default*** " means any event or condition that constitutes an Event of Default or that, upon notice, lapse of time or both would, unless cured or waived, become an Event of Default.

" ***Defaulting Lender*** " means any Lender that (a) has failed, within two Business Days of the date required to be funded or paid, to (i) fund any portion of its Loans, (ii) fund any portion of its participations in Letters of Credit or Swingline Loans or (iii) pay over to any Creditor Party any other amount required to be paid by it hereunder, unless, in the case of clause (i) above, such Lender notifies the Administrative Agent in writing that such failure is the result of such Lender's good faith determination that a condition precedent to funding set forth in Section 3.02 (specifically identified and including the particular default, if any) has not been satisfied, (b) has notified the Borrower or any Creditor Party in writing, or has made a public statement to the effect, that it does not intend or expect to comply with any of its funding obligations under this Agreement (unless such writing or public statement indicates that such position is based on such Lender's good faith determination that a condition precedent (specifically identified and including the particular default, if any) to funding a loan under this Agreement set forth in Section 3.02 cannot be satisfied) or generally under other agreements in which it commits to extend credit, (c) has failed, within three Business Days after request by a Creditor Party, acting in good faith, to provide a certification in writing from an authorized officer of such Lender that it will comply with its obligations to fund prospective Loans and participations in then outstanding Letters of Credit and Swingline Loans under this Agreement, provided that such Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon such Creditor Party's receipt of such certification in form and substance satisfactory to it and the Administrative Agent, or (d) has become the subject of a Bankruptcy Event.

" ***Designated Persons*** " means a person or entity (a) listed in the annex to, or otherwise the subject of the provisions of, any Executive Order; (b) named as a "Specially Designated National and Blocked Person" (" ***SDN*** ") on the most current list published by OFAC at its official website or any replacement website or other replacement official publication of such list (the " ***SDN List*** "); or is otherwise the subject of any Sanctions Laws and Regulations or (c) in which an entity or person on the SDN List has 50% or greater ownership interest or that is otherwise controlled by an SDN.

" ***Dollars*** " or " ***$*** " refers to lawful money of the United States of America.

" ***Effective Date*** " means the date on which this Agreement has been executed and delivered by each of the Borrower, the Guarantor, the Syndication Agent, the Co-Documentation Agents, the initial Lenders and the Swingline Lender, the LC Banks and the Administrative Agent.

" ***Environmental Laws*** " means any and all foreign, federal, state, local or municipal laws (including, without limitation, common laws), rules, orders, regulations, statutes, ordinances, codes, decrees, judgments, awards, writs, injunctions, requirements of any Governmental Authority or other requirements of law regulating, relating to or imposing liability or standards of conduct concerning, pollution, waste, industrial hygiene, occupational safety or health, the presence, transport, manufacture, generation, use, handling, treatment, distribution, storage, disposal or release of Hazardous Materials, or protection of human health, plant life or animal life, natural resources or the environment, as now or at any time hereafter in effect.

" ***Environmental Liability*** " means any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of the Guarantor or any of its Subsidiaries directly or indirectly resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened release of any Hazardous Materials into the environment or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

" ***ERISA*** " means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated and rulings issued thereunder.

" ***ERISA Affiliate*** " means any Person who, for purposes of Title IV of ERISA, is a member of the Guarantor's controlled group, or under common control with the Guarantor, within the meaning of Section 414 of the Code and the regulations promulgated and rulings issued thereunder.

" ***ERISA Event*** " means (a) a reportable event, within the meaning of Section 4043 of ERISA, unless the 30-day notice requirement with respect thereto has been waived by the PBGC, (b) the provision by the administrator of any Plan of a notice of intent to terminate such Plan, pursuant to Section 4041(a)(2) and 4041(c) of ERISA (including any such notice with respect to a plan amendment referred to in Section 4041(e) of ERISA), (c) the withdrawal by the Guarantor or an ERISA Affiliate from a Multiple Employer Plan during a plan year for which it was a substantial employer, as defined in Section 4001(a)(2) of ERISA, (d) the failure by the Guarantor or any ERISA Affiliate to make a payment to a Plan required under Section 302 of ERISA, for which Section 303(k) imposes a lien for failure to make required payments, or (e) the institution by the PBGC of proceedings to terminate a Plan, pursuant to Section 4042 of ERISA, or the occurrence of any event or condition which may reasonably be expected to constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, a Plan.

" ***Eurocurrency Liabilities*** " has the meaning assigned to that term in Regulation D of the Board, as in effect from time to time.

" ***Eurodollar*** ", when used in reference to any Loan or Borrowing, refers to whether such Loan is, or the Loans comprising such Borrowing are, bearing interest at a rate determined by reference to the LIBO Rate.

" ***Eurodollar Rate Reserve Percentage*** " of any Lender for the Interest Period for any Eurodollar Loan means the reserve percentage applicable during such Interest Period (or if more than one such percentage shall be so applicable, the daily average of such percentages for those days in such Interest Period during which any such percentage shall be so applicable) under regulations issued from time to time by the Board (or any successor) for determining the maximum reserve requirement (including, without limitation, any emergency, supplemental or other marginal reserve requirement) for such Lender with respect to liabilities or assets consisting of or including Eurocurrency Liabilities having a term equal to such Interest Period.

" ***Event of Default*** " has the meaning assigned to such term in Article VIII.

" ***Excluded Taxes*** " means, with respect to the Administrative Agent, any Lender or any other recipient of any payment to be made by or on account of any obligation of the Borrower hereunder, (a) income or franchise taxes imposed on (or measured by) its net income or net earnings (i) by the United States of America, or by the jurisdiction under the laws of which such recipient is organized or in which its principal office is located or, in the case of any Lender, in which its applicable lending office is located or (ii) that are Other Connection Taxes, (b) any branch profits Taxes imposed by the United States of America or any similar Taxes imposed by any other jurisdiction in which the Borrower is located, (c) in case of a Foreign Lender (other than an assignee pursuant to a request by the Borrower under Section 2.19(d)), any withholding tax that (i) is imposed on amounts payable to such Foreign Lender at the time such Foreign Lender becomes a party to this Agreement, except to the extent that such Foreign Lender's assignor (if any) was entitled, at the time of assignment, to receive additional amounts from the Borrower with respect to such withholding tax pursuant to Section 2.17(a) or (ii) is attributable to such Foreign Lender's failure to comply with Section 2.17 (e) when legally able to do so and (d) any U.S. Federal withholding Taxes imposed under FATCA.

"***Existing Credit Agreement***" means that certain Amended and Restated Revolving Credit Agreement, dated as of May 15, 2012 by and among the Borrower, the Guarantor, the Lenders from time to time party thereto and the Administrative Agent.

"***Existing Letters of Credit***" means the Letters of Credit listed in Schedule 2.04.

" ***Extension of Credit*** " means (a) the making by any Lender of a Revolving Loan, (b) the making by the Swingline Lender of any Swingline Loan, (c) the issuance of a Letter of Credit by any LC Bank or (d) the amendment of any Letter of Credit having the effect of extending the stated termination date thereof, increasing the LC Outstandings, or otherwise altering any of the material terms or conditions thereof.

" ***Facility Fee*** " has the meaning set forth in Section 2.12.

" ***FATCA*** " means Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof and any agreement entered into pursuant to Section 1471(b)(1) of the Code.

" ***FCPA*** " shall mean the Foreign Corrupt Practices Act of 1977, as amended, and the rules and regulations thereunder.

" ***Federal Bankruptcy Code*** " means Title 11 of the United States Code (11 U.S.C. § 101 et seq.) as now or hereafter in effect, or any successor statute.

" ***Federal Funds Effective Rate*** " means, for any day, the weighted average (rounded upwards, if necessary, to the next 1/100 of 1%) of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average (rounded upwards, if necessary, to the next 1/100 of 1%) of the quotations for such day for such transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by it.

" ***Foreign Lender*** " means any Lender that is organized under the laws of a jurisdiction other than that in which the Borrower is located. For purposes of this definition, the United States of America, each State thereof and the District of Columbia shall be deemed to constitute a single jurisdiction.

" ***GAAP*** " means generally accepted accounting principles in the United States of America consistent with those applied in the preparation of the financial statements referred to in Section 4.01(e).

" ***Governmental Authority*** " means the government of the United States of America, any other nation, or any political subdivision of the United States of America or any other nation, whether state or local, any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank), and any group or body charged with setting financial accounting or regulatory capital rules or standards (including, without limitation, the Financial Accounting Standards Board, the Bank for International Settlements or the Basel Committee on Banking Supervision or any successor or similar authority to any of the foregoing).

" ***Granting Lender*** " has the meaning set forth in Section 11.04.

" ***Guarantor*** " means NiSource.

" ***Guaranty*** " means the guaranty of the Guarantor pursuant to Article X of this Agreement.

" ***Hazardous Materials*** " means any asbestos; flammables; volatile hydrocarbons; industrial solvents; explosive or radioactive materials; hazardous wastes; toxic substances; liquefied natural gas; natural gas liquids; synthetic gas; oil, petroleum, or related materials and any constituents, derivatives, or byproducts thereof or additives thereto; or any other material, substance, waste, element or compound (including any product) regulated pursuant to any Environmental Law, including, without limitation, substances defined as "hazardous substances," "hazardous materials," "contaminants," "pollutants," "hazardous wastes," "toxic substances," "solid waste," or "extremely hazardous substances" in (i) CERCLA, (ii) the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801 et seq., (iii) the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901 et seq., (iv) the Federal Water Pollution Control Act, as amended, 33 U.S.C. Section 1251 et seq., (v) the Clean Air Act, 42 U.S.C. Section 7401 et seq., (vi) the Toxic Substances Control Act, 15 U.S.C. Section 2601 et seq., (vii) the Safe Drinking Water Act, 42 U.S.C. Section 300f et seq., or (viii) foreign, state, local or municipal law, in each case, as may be amended from time to time.

" ***Indebtedness*** " of any Person means (without duplication) (a) Debt for Borrowed Money, (b) obligations of such Person to pay the deferred purchase price of property or services, except trade accounts payable arising in the ordinary course of business which are not overdue, (c) all obligations, contingent or otherwise, of such Person in respect of any letters of credit, bankers' acceptances or interest rate, currency or commodity swap, cap or floor arrangements, (d) all indebtedness of others secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on property owned or acquired by such Person, whether or not the indebtedness secured thereby has been assumed, (e) all amounts payable by such Person in connection with mandatory redemptions or repurchases of preferred stock, and (f) obligations of such Person under direct or indirect guarantees in respect of, and obligations (contingent or otherwise) to purchase or otherwise acquire, or otherwise to assure a creditor against loss in respect of, indebtedness or obligations of others of the kinds referred to in clauses (a) through (e) above.

" ***Indemnified Taxes*** " means Taxes other than (a) Excluded Taxes and (b) Other Taxes imposed on or with respect to any payment made by or on account of any obligation of any Credit Party under the Credit Documents.

" ***Indemnitee*** " has the meaning set forth in Section 11.03.

" ***Index Debt*** " means the senior unsecured long-term debt securities of the Borrower, without third-party credit enhancement provided by a Person other than the Guarantor.

" ***Information*** " has the meaning set forth in Section 11.12.

" ***Initial LC Bank*** " means each of the Lead Lenders.

" ***Insufficiency*** " means, with respect to any Plan, the amount, if any, by which the present value of all vested and unvested accrued benefits under such Plan exceeds the fair market value of assets allocable to such benefits, all determined as of the then most recent valuation date for such Plan using actuarial assumptions used in determining such Plan's normal cost for purposes of Section 412(b)(2)(A) of the Code.

" ***Interest Election Request*** " means a request by the Borrower to convert or continue a Revolving Borrowing in accordance with Section 2.06.

" ***Interest Payment Date*** " means (a) with respect to any ABR Loan (other than a Swingline Loan), the last Business Day of each March, June, September and December, (b) with respect to any Eurodollar Loan, the last day of the Interest Period applicable to the Borrowing of which such Loan is a part and, in the case of a Eurodollar Borrowing with an Interest Period of more than three months' duration, the day that is three months after the first day of such Interest Period, (c) with respect to any Swingline Loan, the last Business Day of each March, June, September and December and (d) with respect to any Loan, the Termination Date.

" ***Interest Period*** " means with respect to any Eurodollar Borrowing, the period commencing on the date of such Borrowing and ending on the numerically corresponding day in the calendar month that is one, two, three or six months thereafter, as the Borrower may elect; *provided* that (a) if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day; and (b) any Interest Period that commences on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the last calendar month of such Interest Period) shall end on the last Business Day of the last calendar month of such Interest Period. For purposes hereof, the date of a Borrowing initially shall be the date on which such Borrowing is made and, in the case of a Revolving Borrowing, thereafter shall be the effective date of the most recent conversion or continuation of such Borrowing.

"***LC Bank***" means the Initial LC Banks or any other Lender approved by the Borrower that may agree to issue Letters of Credit pursuant to an agreement in form satisfactory to the Borrower and the Administrative Agent, so long as such Lender expressly agrees to perform in accordance with their terms all of the obligations that by the terms of this Agreement are required to be performed by it as an LC Bank and notifies the Administrative Agent of its applicable lending office (which information shall be recorded by the Administrative Agent in the Register), for so long as such Initial LC Bank or Lender, as the case may be, shall have a Letter of Credit Commitment.

"***LC Exposure***" means, at any time, the sum of (a) the LC Outstandings at such time plus (b) the aggregate amount of all Unreimbursed LC Disbursements at such time. The LC Exposure of any Lender at any time shall be its Applicable Percentage of the total LC Exposure at such time.

"***LC Outstandings***" means, for any date of determination, the aggregate maximum amount available to be drawn under all Letters of Credit outstanding on such date (assuming the satisfaction of all conditions for drawing enumerated therein).

"***LC Risk Participation Fee***" has the meaning set forth in Section 2.12.

"***Lead Lenders***" means Barclays, Credit Suisse AG, Cayman Islands Branch, The Bank of Tokyo-Mitsubishi UFJ, Ltd., Citibank, N.A. and JPMorgan Chase Bank, N.A.

"***Lenders***" means (a) the Persons listed on Schedule 2.01, including any such Person identified thereon or in the signature pages hereto as a Lead Arranger, and any other Person that shall have become a party hereto pursuant to an Assignment and Assumption, other than any such Person that ceases to be a party hereto pursuant to an Assignment and Assumption, (b) the Swingline Lender in respect of the Swingline Loans made by it and (c) if and to the extent so provided in Section 2.04(c), the applicable LC Bank.

"***Letter of Credit***" means a standby letter of credit issued by the applicable LC Bank pursuant to the terms of this Agreement, together with the letters of credit deemed issued hereunder pursuant to Section 2.04(h), in each case, as such letter of credit may from time to time be amended, modified or extended in accordance with the terms of this Agreement.

"***Letter of Credit Commitment***" means, with respect to each LC Bank, the obligation of such LC Bank to issue Letters of Credit for the account of the Borrower from time to time in an aggregate amount up to (a) for each Initial LC Bank, \$100,000,000 and (b) for any other LC Bank, as separately agreed to by such LC Bank and the Borrower. The Letter of Credit Commitment is part of, and not in addition to, the Commitments.

"***LIBO Rate***" means, with respect to any Eurodollar Borrowing for any Interest Period, the rate appearing on Reuters Screen LIBOR01 Page (or on any successor or substitute page of such service, or any successor to or substitute for such service, providing rate quotations comparable to those currently provided on such page of such service, as determined by the Administrative Agent from time to time for purposes of providing quotations of interest rates applicable to dollar deposits in the London interbank market) at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period, as the rate for dollar deposits with a maturity comparable to such Interest Period. In the event that such rate is not available at such time for any reason, then the " ***LIBO Rate*** " with respect to such Eurodollar Borrowing for such Interest Period shall be the rate at which Dollar deposits of $5,000,000 and for a maturity comparable to such Interest Period are offered by the principal London office of the Administrative Agent in immediately available funds in the London interbank market at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period.

" ***Lien*** " has the meaning set forth in Section 6.01(a).

" ***Loans*** " means the loans made by the Lenders to the Borrower pursuant to this Agreement.

" ***Margin Stock*** " means margin stock within the meaning of Regulations U and X issued by the Board.

" ***Material Adverse Effect*** " means a material adverse effect on (a) the business, assets, operations, condition (financial or otherwise) or prospects of the Guarantor and its Subsidiaries taken as a whole; (b) the validity or enforceability of any of Credit Documents or the rights, remedies and benefits available to the Administrative Agent and the Lenders thereunder; or (c) the ability of the Borrower or the Guarantor to consummate the Transactions.

" ***Material Subsidiary*** " means at any time the Borrower, NIPSCO, Columbia, and each Subsidiary of the Guarantor, other than the Borrower, NIPSCO and Columbia, in respect of which:

the Guarantor's and its other Subsidiaries' investments in and advances to such Subsidiary and its Subsidiaries exceed 10% of the consolidated total assets of the Guarantor and its Subsidiaries taken as a whole, as of the end of the most recent fiscal year; or

the Guarantor's and its other Subsidiaries' proportionate interest in the total assets (after intercompany eliminations) of such Subsidiary and its Subsidiaries exceeds 10% of the consolidated total assets of the Guarantor and its Subsidiaries as of the end of the most recent fiscal year; or

(a) the Guarantor's and its other Subsidiaries' equity in the income from continuing operations before income taxes, extraordinary items and cumulative effect of a change in accounting principles of such Subsidiary and its Subsidiaries exceeds 10% of the consolidated income of the Guarantor and its Subsidiaries for the most recent fiscal year.

" ***Moody's*** " means Moody's Investors Service, Inc., and any successor thereto.

" ***Multiemployer Plan*** " means a multiemployer plan as defined in Section 4001(a)(3) of ERISA.

" ***Multiple Employer Plan*** " means a single employer plan, as defined in Section 4001(a)(15) of ERISA, which (a) is maintained for employees of the Borrower or an ERISA Affiliate and at least one Person other than the Borrower and its ERISA Affiliates, or (b) was so maintained and in respect of which the Borrower or an ERISA Affiliate could have liability under Section 4064 or 4069 of ERISA in the event that such plan has been or were to be terminated.

" ***NIPSCO*** " means Northern Indiana Public Service Company, an Indiana corporation.

" ***Non-Recourse Debt*** " means Indebtedness of the Guarantor or any of its Subsidiaries which is incurred in connection with the acquisition, construction, sale, transfer or other disposition of specific assets, to the extent recourse, whether contractual or as a matter of law, for non-payment of such Indebtedness is limited (a) to such assets or (b) if such assets are (or are to be) held by a Subsidiary formed solely for such purpose, to such Subsidiary or the Capital Stock of such Subsidiary.

" ***Obligations*** " means all amounts, direct or indirect, contingent or absolute, of every type or description, and at any time existing and whenever incurred (including, without limitation, after the commencement of any bankruptcy proceeding), owing to the Administrative Agent or any Lender pursuant to the terms of this Agreement or any other Credit Document.

" ***Other Connection Taxes*** " means, with respect to any Recipient, Taxes imposed as a result of a present or former connection between such Recipient and the jurisdiction imposing such Tax (other than connections arising from such Recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Credit Document, or sold or assigned an interest in any Loan or Credit Document).

" ***Other Taxes*** " means any and all present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made hereunder or from the execution, delivery or enforcement of, or otherwise with respect to, this Agreement.

" ***Outstanding Loans*** " means, as to any Lender at any time, the aggregate principal amount of all Loans made or maintained by such Lender then outstanding; *provided, however,* that for purposes of any calculation of the Outstanding Loans, any then outstanding Swingline Loans shall be deemed allocated among the Lenders (other than the Swingline Lender in its capacity as such) in accordance with their respective Applicable Percentages.

"***Parent***" means, with respect to any Lender, any Person as to which such Lender is, directly or indirectly, a subsidiary.

"***Participant***" has the meaning set forth in Section 11.04.

"***Participant Register***" has the meaning set forth in Section 11.04.

"***PBGC***" means the Pension Benefit Guaranty Corporation referred to and defined in ERISA and any successor entity performing similar functions.

"***Person***" means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

"***Plan***" means any employee pension benefit plan (other than a Multiemployer Plan) subject to the provisions of Title IV of ERISA or Section 412 of the Code or Section 302 of ERISA, and in respect of which the Borrower or any ERISA Affiliate is (or, if such plan were terminated, would under Section 4069 of ERISA be deemed to be) an "employer" as defined in Section 3(5) of ERISA.

"***Pricing Grid***" means the pricing grid attached hereto as Annex A.

"***Prime Rate***" means the rate of interest *per annum* publicly announced from time to time by Barclays as its prime rate in effect at its principal office in New York City; each change in the Prime Rate shall be effective from and including the date such change is publicly announced as being effective.

"***Project***" means an energy or power generation, transmission or distribution facility (including, without limitation, a thermal energy generation, transmission or distribution facility and an electric power generation, transmission or distribution facility (including, without limitation, a cogeneration facility)), a gas production, transportation or distribution facility, or a minerals extraction, processing or distribution facility, together with (a) all related electric power transmission, fuel supply and fuel transportation facilities and power supply, thermal energy supply, gas supply, minerals supply and fuel contracts, (b) other facilities, services or goods that are ancillary, incidental, necessary or reasonably related to the marketing, development, construction, management, servicing, ownership or operation of such facility, (c) contractual arrangements with customers, suppliers and contractors in respect of such facility, and (d) any infrastructure facility related to such facility, including, without limitation, for the treatment or management of waste water or the treatment or remediation of waste, pollution or potential pollutants.

"***Project Financing***" means Indebtedness incurred by a Project Financing Subsidiary to finance (a) the development and operation of the Project such Project Financing Subsidiary was formed to develop or (b) activities incidental thereto; *provided* that such Indebtedness does not include recourse to the Guarantor or any of its other Subsidiaries other than (x) recourse to the Capital Stock in any such Project Financing Subsidiary, and (y) recourse pursuant to a Contingent Guaranty.

" ***Project Financing Subsidiary*** " means any Subsidiary of the Guarantor (a) that (i) is not a Material Subsidiary, and (ii) whose principal purpose is to develop a Project and activities incidental thereto (including, without limitation, the financing and operation of such Project), or to become a partner, member or other equity participant in a partnership, limited liability company or other entity having such a principal purpose, and (b) substantially all the assets of which are limited to the assets relating to the Project being developed or Capital Stock in such partnership, limited liability company or other entity (and substantially all of the assets of any such partnership, limited liability company or other entity are limited to the assets relating to such Project); *provided* that such Subsidiary incurs no Indebtedness other than in respect of a Project Financing.

" ***Recipient*** " means, as applicable, (a) the Administrative Agent and (b) any Lender.

" ***Register*** " has the meaning set forth in Section 11.04.

" ***Related Parties*** " means, with respect to any specified Person, such Person's Affiliates and the respective directors, officers, employees, agents and advisors of such Person and such Person's Affiliates.

" ***Request for Issuance*** " has the meaning set forth in Section 2.04.

" ***Required Lenders*** " means, subject to the terms of Section 2.20, Lenders having more than 50% in aggregate amount of the Commitments, or if the Commitments shall have been terminated, of the Total Outstanding Principal.

" ***Responsible Officer*** " of a Credit Party means any of (a) the President, the chief financial officer, the chief accounting officer and the Treasurer of such Credit Party and (b) any other officer of such Credit Party whose responsibilities include monitoring compliance with this Agreement.

" ***Revolving Credit Exposure*** " means, with respect to any Lender at any time, the sum of the outstanding principal amount of such Lender's Revolving Loans and its LC Exposure and Swingline Exposure at such time.

" ***Revolving Loan*** " means a Loan made pursuant to Section 2.02.

" ***Sanctions Laws and Regulations*** " means any sanctions, prohibitions or requirements imposed by any executive order (an " ***Executive Order*** ") or by any sanctions program administered by the U.S. Department of the Treasury Office of Foreign Assets Control (" ***OFAC*** ").

" ***S&P*** " means Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business.

" ***Subsidiary*** " means, with respect to any Person, any corporation or other entity of which at least a majority of the outstanding shares of stock or other ownership interests having by the terms thereof ordinary voting power to elect a majority of the board of directors or other managers of such corporation or other entity (irrespective of whether or not at the time stock or other equity interests of any other class or classes of such corporation or other entity shall have or might have voting power by reason of the happening of any contingency) is at the time directly or indirectly owned or controlled by such Person or one or more of the Subsidiaries of such Person.

"***Substantial Subsidiaries***" has the meaning set forth in Section 8.01.

"***Swingline Commitment***" means, for the Swingline Lender, the amount set forth as the Swingline Lender's Swingline Commitment on Schedule 2.01 hereto.

"***Swingline Exposure***" means, at any time, the aggregate principal amount of all Swingline Loans outstanding at such time. The Swingline Exposure of any Lender at any time shall be its Applicable Percentage of the total Swingline Exposure at such time.

"***Swingline Facility Amount***" has the meaning specified in Section 2.01(b).

"***Swingline Loan***" means a loan made by the Swingline Lender pursuant to the terms of this Agreement.

"***Swingline Lender***" means Barclays and any successor thereto pursuant to Section 2.03(d).

"***Swingline Rate***" means the per annum rate equal to the Alternate Base Rate plus the Applicable Rate.

"***Swingline Request***" means a request by the Borrower for the Swingline Lender to make a Swingline Loan, which shall be in substantially the form of Exhibit D (or such other form as shall be approved by the Swingline Lender) and shall be delivered to the Swingline Lender and the Administrative Agent in writing, or by telephone, immediately confirmed in writing.

"***Syndication Agent***" means Credit Suisse Securities (USA) LLC, in its capacity as syndication agent for the Lenders hereunder.

"***Taxes***" means any and all present or future taxes, levies, imposts, duties, deductions, withholdings, assessments, fees or other charges imposed by any Governmental Authority, including any interest, penalties and additions to tax imposed thereon or in connection therewith.

"***Termination Date***" means the earliest of (a) September 28, 2018 and (b) the date upon which the Commitments are terminated pursuant to Section 8.1 or otherwise.

"***Total Outstanding Principal***" means the aggregate amount of the Outstanding Loans of all Lenders plus the aggregate LC Exposure.

" ***Transactions*** " means the execution, delivery and performance by the Borrower and the Guarantor of this Agreement and the Borrowing of Loans and issuances of Letters of Credit hereunder.

" ***Type*** ", when used in reference to any Loan or Borrowing, refers to whether the rate of interest on such Loan, or on the Loans comprising such Borrowing, is determined by reference to the LIBO Rate or the Alternate Base Rate.

"***Unreimbursed LC Disbursement***" means the unpaid obligation (or, if the context so requires, the amount of such obligation) of the Borrower to reimburse the applicable LC Bank for a payment made by such LC Bank under a Letter of Credit, but shall not include any portion of such obligation that has been repaid with the proceeds of, or converted to, Loans hereunder.

" ***Utility Subsidiary*** " means a Subsidiary of the Guarantor that is subject to regulation by a Governmental Authority (federal, state or otherwise) having authority to regulate utilities, and any Wholly-Owned Subsidiary thereof.

" ***Wholly-Owned Subsidiary*** " means, with respect to any Person, any corporation or other entity of which all of the outstanding shares of stock or other ownership interests in which, other than directors' qualifying shares (or the equivalent thereof), are at the time directly or indirectly owned or controlled by such Person or one or more of the Subsidiaries of such Person.

" ***Withdrawal Liability*** " means liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Sections 4201, 4203 and 4205 of ERISA.

SECTION 1.02. ***Classification of Loans and Borrowings.*** For purposes of this Agreement, Loans may be classified and referred to by Class (*e.g.* , a " ***Revolving Loan*** ") or by Type (*e.g.* , a " ***Eurodollar Loan*** ") or by Class and Type (*e.g.* , a " ***Eurodollar Revolving Loan*** "). Borrowings also may be classified and referred to by Class (*e.g.* , a " ***Revolving Borrowing*** ") or by Type (*e.g.* , a " ***Eurodollar Borrowing*** ") or by Class and Type (*e.g.* , a " ***Eurodollar Revolving Borrowing*** ").

SECTION 1.03. ***Terms Generally.*** The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation". The word "or" shall not be exclusive. The word "will" shall be construed to have the same meaning and effect as the word "shall". The word "law" shall be construed as referring to all statutes, rules, regulations, codes and other laws (including official rulings and interpretations thereunder having the force of law or with which affected Persons customarily comply), and all judgments, orders and decrees, of all Governmental Authorities. Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, restated, supplemented or otherwise modified (subject to any restrictions on such amendments, restatements, supplements or modifications set forth herein), (b) any definition of or reference to any statute, rule or regulation shall be construed as referring thereto as from time to time amended, supplemented or otherwise modified (including by succession of comparable successor laws), (c) any reference herein to any Person shall be construed to include such Person's successors and assigns, (d) the words "herein", "hereof" and "hereunder", and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (e) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement and (f) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights. The terms "knowledge of", "awareness of" and "receipt of notice of" in relation to a Credit Party, and other similar expressions, mean knowledge of, awareness of, or receipt of notice by, a Responsible Officer of such Credit Party.

SECTION 1.04. Accounting Terms; GAAP. Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with GAAP, as in effect from time to time; *provided* that, if the Borrower notifies the Administrative Agent that the Borrower requests an amendment to any provision hereof to eliminate the effect of any change occurring after the Effective Date in GAAP or in the application thereof on the operation of such provision (or if the Administrative Agent notifies the Borrower that the Required Lenders request an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith. Notwithstanding any other provision contained herein, all terms of an accounting or financial nature used herein shall be construed, and all computations of amounts and ratios referred to herein shall be made (i) without giving effect to any election under Accounting Standards Codification 825-10-25 (previously referred to as Statement of Financial Accounting Standards 159) (or any other Accounting Standards Codification or Financial Accounting Standard having a similar result or effect) to value any Indebtedness or other liabilities of the Borrower or any Subsidiary at "fair value", as defined therein and (ii) without giving effect to any treatment of Indebtedness in respect of convertible debt instruments under Financial Accounting Standards Board Staff Position APB 14-1 to value any such Indebtedness in a reduced or bifurcated manner as described therein, and such Indebtedness shall at all times be valued at the full stated principal amount thereof.

SECTION 1.05. Amendment and Restatement of the Existing Credit Agreement.

The parties to this Agreement agree that, upon (i) the execution and delivery by each of the parties hereto of this Agreement and (ii) satisfaction of the conditions set forth in Section 3.01, the terms and provisions of the Existing Credit Agreement shall be and hereby are amended, superseded and restated in their entirety by the terms and provisions of this Agreement. This Agreement is not intended to and shall not constitute a novation. All Loans made and Obligations incurred under the Existing Credit Agreement which are outstanding on the Effective Date shall continue as Loans and

Obligations under (and shall be governed by the terms of) this Agreement and the other Credit Documents. Without limiting the foregoing, upon the effectiveness hereof: (a) all references in the "Credit Documents" (as defined in the Existing Credit Agreement) to the "Administrative Agent", the "Credit Agreement" and the "Credit Documents" shall be deemed to refer to the Administrative Agent, this Agreement and the Credit Documents, (b) the Existing Letters of Credit which remain outstanding on the Effective Date shall continue as Letters of Credit under (and shall be governed by the terms of) this Agreement, (c) all obligations constituting "Obligations" with any Lender or any Affiliate of any Lender which are outstanding on the Effective Date shall continue as Obligations under this Agreement and the other Credit Documents (subject to clause (f) below), (d) the Administrative Agent shall make such reallocations, sales, assignments or other relevant actions in respect of each Lender's credit exposure under the Existing Credit Agreement as are necessary in order that each such Lender's Revolving Credit Exposure and outstanding Revolving Loans hereunder reflects such Lender's Applicable Percentage of the outstanding aggregate Revolving Credit Exposures on the Effective Date and (e) the Borrower hereby agrees to compensate each Lender for any and all losses, costs and expenses incurred by such Lender in connection with the sale and assignment of any Eurodollar Loans (including the "Eurodollar Loans" under the Existing Credit Agreement) and such reallocation described above, in each case on the terms and in the manner set forth in Section 2.16 hereof.

ARTICLE II
THE CREDITS

SECTION 2.01. Commitments.

(a) Subject to the terms and conditions set forth herein, each Lender severally agrees to make Revolving Loans to the Borrower from time to time during the Availability Period in an aggregate principal amount that will not result in (i) such Lender's Revolving Credit Exposure exceeding such Lender's Commitment or (ii) the sum of the Revolving Credit Exposures of all of the Lenders exceeding the Aggregate Commitments.

(b) Subject to the terms and conditions set forth herein, the Swingline Lender agrees to make Swingline Loans to the Borrower from time to time during the Availability Period in an aggregate principal amount that will not result in (i) the aggregate principal amount of all Swingline Loans made by the Swingline Lender then outstanding under this Agreement exceeding the Swingline Lender's Swingline Commitment, (ii) the aggregate principal amount of all Swingline Loans then outstanding under this Agreement exceeding $250,000,000 (the "***Swingline Facility Amount***"), (iii) any Lender's Revolving Credit Exposure exceeding such Lender's Commitment or (iv) the sum of the Revolving Credit Exposures of all of the Lenders exceeding the Aggregate Commitments.

(c) Subject to the terms and conditions set forth herein, each LC Bank agrees to issue, extend or amend Letters of Credit and each Lender severally agrees to participate in such Letters of Credit, in each case as set forth herein, from time to time during the Availability Period in an aggregate stated amount that will not result in (i) the aggregate LC Outstandings under this Agreement exceeding $500,000,000, (ii) any Lender's Revolving Credit Exposure exceeding such Lender's Commitment, (iii) the aggregate LC Outstandings of all Letters of Credit issued by any LC Bank exceeding at any time such LC Bank's Letter of Credit Commitment or (iii) the sum of the Revolving Credit Exposures of all of the Lenders exceeding the Aggregate Commitments.

(d) Within the foregoing limits and subject to the terms and conditions set forth herein, the Borrower may borrow, prepay and reborrow Revolving Loans and Swingline Loans and request the issuance, extension or amendment of Letters of Credit.

SECTION 2.02. Revolving Loans and Revolving Borrowings; Requests for Borrowings.

(a) Each Revolving Loan (other than a Swingline Loan) shall be made as part of a Borrowing consisting of Revolving Loans made by the Lenders ratably in accordance with their respective Commitments. The failure of any Lender to make any Loan required to be made by it shall not relieve any other Lender of its obligations hereunder; provided that the Commitments of the Lenders are several and no Lender shall be responsible for any other Lender's failure to make Loans as required. Any Swingline Loan shall be made in accordance with the procedures set forth in Section 2.03.

(b) Subject to Section 2.14, each Revolving Borrowing shall be comprised entirely of ABR Loans or Eurodollar Loans as the Borrower may request in accordance herewith. Each Lender at its option may make any Eurodollar Loan by causing any domestic or foreign branch or Affiliate of such Lender to make such Loan; provided that any exercise of such option shall not affect the obligation of the Borrower to repay such Loan in accordance with the terms of this Agreement.

(c) At the commencement of each Interest Period for any Eurodollar Revolving Borrowing, such Borrowing shall be in an aggregate amount that is an integral multiple of $5,000,000 and not less than $10,000,000. At the time that each ABR Revolving Borrowing is made, such Borrowing shall be in an aggregate amount that is an integral multiple of $1,000,000; provided that an ABR Revolving Borrowing may be to an aggregate amount that is equal to the entire unused balance of the Aggregate Commitments. Borrowings of more than one Type and Class may be outstanding at the same time; provided that there shall not at any time be more than a total of ten Eurodollar Revolving Borrowings outstanding under this Agreement.

(d) To request a Revolving Borrowing, the Borrower shall notify the Administrative Agent of such request by telephone (a) in the case of a Eurodollar Borrowing, not later than 11:00 a.m., New York City time, three Business Days before the date of the proposed Borrowing or (b) in the case of an ABR Borrowing, not later than 10:00 a.m., New York City time, on the date of the proposed Borrowing. Each such telephonic Borrowing Request shall be irrevocable and shall be confirmed promptly by hand delivery or telecopy to the Administrative Agent of a written Borrowing Request in substantially the form of Exhibit C (or such other form as shall be approved by the Administrative Agent) signed by an Authorized Officer of the Borrower. Each such telephonic and written Borrowing Request shall specify the following information:

(i) the aggregate amount of the requested Borrowing;

(ii) the date of such Borrowing, which shall be a Business Day;

(iii) whether such Borrowing is to be an ABR Borrowing or a Eurodollar Borrowing; and

(iv) in the case of a Eurodollar Borrowing, the initial Interest Period to be applicable thereto, which shall be a period contemplated by the definition of the term "Interest Period".

If no election as to the Type of Borrowing is specified, then the requested Borrowing shall be an ABR Borrowing. If no Interest Period is specified with respect to any requested Eurodollar Revolving Borrowing, then the Borrower shall be deemed to have selected an Interest Period of one month's duration. Promptly following receipt of a Borrowing Request in accordance with this Section, the Administrative Agent shall advise each Lender of the details thereof and of the amount of such Lender's Loan to be made as part of the requested Borrowing.

(c) Notwithstanding any other provision of this Agreement, the Borrower shall not be entitled to request, or to elect to convert or continue, any Eurodollar Borrowing if the Interest Period requested with respect thereto would end after the Termination Date.

SECTION 2.03. Swingline Loans. Each Swingline Loan to be made by the Swingline Lender shall be made on notice given by the Borrower to the Swingline Lender and the Administrative Agent via fax transmission in accordance with Section 11.01 hereof not later than 11:00 A.M. (New York City time) on the borrowing date of the proposed Swingline Loan (which shall be a Business Day) or such later time as the Swingline Lender and the Administrative Agent may agree. Upon receipt of any Swingline Request, the Swingline Lender shall give to the Administrative Agent prompt notice thereof by fax transmission, and shall notify the Borrower and the Administrative Agent of the Swingline Rate to be applicable thereto. The Swingline Lender shall, before 2:00 P.M. (New York City time) on the borrowing date of such Swingline Loan, make such Swingline Loan available to the Administrative Agent, in same day funds, and, after the Administrative Agent's receipt of such funds and upon fulfillment of the applicable conditions set forth in Article III, the Administrative Agent will make such funds available to the Borrower to an account within the United States of America specified in the relevant Swingline Request or, if not so specified, in accordance with Section 2.05.

(a) Each Swingline Loan shall bear interest at the Swingline Rate and shall mature on the first to occur of: (i) the date specified in the relevant Swingline Request, (ii) the date that is five days following the date such Swingline Loan was made and (iii) the Termination Date. At no time shall more than a total of two Swingline Loans be outstanding under this Agreement.

(b) At any time upon written demand by the Swingline Lender, with a copy of such demand to the Administrative Agent, and automatically upon the occurrence of an Event of Default, each other Lender shall purchase from the Swingline Lender, and the Swingline Lender shall sell and assign to each such other Lender, such other Lender's pro rata share (based on its Applicable Percentage) of the Swingline Loans of the Swingline Lender outstanding as of the date of such demand or occurrence, as the case may be, by making available to the Administrative Agent for the account of the Swingline Lender an amount in same day funds equal to the portion of the principal amount of each outstanding Swingline Loan to be purchased by such Lender. The Borrower hereby agrees to each such sale and assignment. Each Lender agrees to pay to the Administrative Agent for the account of the Swingline Lender its pro rata share (based on its Applicable Percentage) of each outstanding Swingline Loan purchased pursuant to this clause (c) on (i) the Business Day on which demand therefor is made by the Swingline Lender, provided, that, notice of such demand is received by such Lender not later than 11:00 A.M. (New York City time) on such Business Day, (ii) the first Business Day next succeeding such demand, if notice of such demand is received after such time or (iii) the first Business Day next succeeding the date such Lender has actual knowledge of the occurrence of such Event of Default. Upon any such assignment by the Swingline Lender to any other Lender of a portion of any Swingline Loan, the Swingline Lender represents and warrants to such other Lender that the Swingline Lender is the legal and beneficial owner of the interest being assigned by it, but makes no other representation or warranty and assumes no responsibility with respect to such Swingline Loan, the Credit Documents or the Borrower. If and to the extent that any Lender shall not have so made its participated portion of such Swingline Loan or portion thereof available to the Administrative Agent for the account of the Swingline Lender, such Lender agrees to pay to the Swingline Lender forthwith on demand such amount together with interest thereon for each day from the date of demand by the Swingline Lender until the date such amount is paid to the Swingline Lender, at the Federal Funds Effective Rate. If such Lender shall pay such amount to the Swingline Lender on any Business Day, such amount so paid in respect of principal shall constitute an ABR Revolving Loan made by such Lender on such Business Day for all purposes of this Agreement, and the outstanding principal amount of the relevant Swingline Loan(s) shall be reduced accordingly by such amount on such Business Day. The obligation of each other Lender to purchase its pro rata share of the Swingline Lender's Swingline Loans in accordance with this subsection shall be absolute and unconditional, notwithstanding the occurrence of any circumstances, including, without limitation any Event of Default or any setoff, deduction or other defense asserted by the Borrower or any other Person, except that any Lender shall have the right to bring suit against the Swingline Lender, and the Swingline Lender shall be liable to such Lender, to the extent of any direct, as opposed to consequential, damages suffered by such Lender which a court of competent jurisdiction in a final and non-appealable judgment determines were caused by the Swingline Lender's wilful misconduct or gross negligence.

(e) Subject to the appointment and acceptance of a successor Swingline Lender as provided in this paragraph, the Borrower may, upon not less than ten (10) Business Days prior notice to the Administrative Agent and the Lenders, replace the existing Swingline Lender with the consent of the Administrative Agent (which consent shall not unreasonably be withheld). Upon the acceptance of its appointment as Swingline Lender hereunder by a successor, such successor shall succeed to and become vested with all the rights, powers, privileges and duties of the replaced Swingline Lender, and the replaced Swingline Lender shall be discharged from its duties and obligations hereunder. The fees payable by the Borrower to a successor Swingline Lender shall be as agreed between the Borrower and such successor. After the Swingline Lender's replacement hereunder, the provisions of this Article and Section 11.03 shall continue in effect for its benefit in respect of any actions taken or omitted to be taken by it while it was acting as Swingline Lender.

SECTION 2.04. Letters of Credit

(a) *LC Banks*. Subject to the terms and conditions hereof, the Borrower may from time to time request any LC Bank to issue, extend or amend one or more Letters of Credit hereunder. Any such request by the Borrower shall be notified to the Administrative Agent at least five Business Days prior to the date upon which the Borrower proposes that the applicable LC Bank issue, extend or amend such Letter of Credit and in the case of an extension request, shall be in substantially the form of Exhibit E (or such other form as shall be approved by the Administrative Agent and the applicable LC Bank). At no time shall (i) the aggregate LC Outstandings exceed the sum of the Commitments, (ii) the sum of the aggregate LC Outstandings under this Agreement exceed $500,000,000 or (iii) the aggregate LC Outstandings of all Letters of Credit issued by any LC Bank exceed at any time such LC Bank's Letter of Credit Commitment.

(b) *Letters of Credit*. Each Letter of Credit shall be issued (or the stated maturity thereof extended or terms thereof modified or amended) on not less than five Business Days' prior written notice thereof to the Administrative Agent (which shall promptly distribute copies thereof to the Lenders) and the applicable LC Bank. Each such notice (a ***"Request for Issuance"***) shall specify (i) the date (which shall be a Business Day) of issuance of such Letter of Credit (or the date of effectiveness of such extension, modification or amendment) and the stated expiry date thereof (which shall be not later than the Termination Date), (ii) the proposed stated amount of such Letter of Credit and (iii) such other information as shall demonstrate compliance of such Letter of Credit with the requirements specified therefor in this Agreement. Each Request for Issuance shall be irrevocable unless modified or rescinded by the Borrower not less than two days prior to the proposed date of issuance (or effectiveness) specified therein. If the applicable LC Bank shall have approved the form of such Letter of Credit (or such extension, modification or amendment thereof), such LC Bank shall not later than 11:00 A.M. (New York City time) on the proposed date specified in such Request for Issuance, and upon fulfillment of the applicable conditions precedent and the other requirements set forth herein and as otherwise agreed to between such LC Bank and the Borrower, issue (or extend, amend or modify) such Letter of Credit and provide notice and a copy thereof to the Administrative Agent. The Administrative Agent shall furnish (x) to each Lender, a copy of such notice and (y) to each Lender that may so request, a copy of such Letter of Credit.

(c) *Reimbursement on Demand* . Subject to the provisions of Section 2.04(d) hereof, the Borrower hereby agrees to pay (whether with the proceeds of Loans made pursuant to this Agreement or otherwise) to the applicable LC Bank on demand (i) on and after each date on which such LC Bank shall pay any amount under any Letter of Credit issued by such LC Bank a sum equal to such amount so paid (which sum shall constitute a demand loan from such LC Bank to the Borrower from the date of such payment by such LC Bank until so paid by the Borrower), plus (ii) interest on any amount remaining unpaid by the Borrower to such LC Bank under clause (i), above, from the date such sum becomes payable on demand until payment in full, at a rate *per annum* which is equal to 2% plus the then applicable Alternate Base Rate until paid in full.

(d) *Loans for Unreimbursed LC Disbursements* . If any LC Bank shall make any payment under any Letter of Credit and if the conditions precedent set forth in Section 3.02 of this Agreement have been satisfied as of the date of such honor, then, each Lender's payment made to such LC Bank pursuant to paragraph (c) of this Section 2.04 in respect of such Unreimbursed LC Disbursement shall be deemed to constitute an ABR Loan made for the account of the Borrower by such Lender. Each such ABR Loan shall mature and be due and payable on the earlier of (i) the first March 31, June 30, September 30 or December 31 to occur following the date such ABR Loan is made and (ii) the Termination Date.

(e) *Participation; Reimbursement of the LC Banks* .

(i) Upon the issuance of any Letter of Credit by any LC Bank (and, in the case of the Letters of Credit identified on Schedule 2.04, on the Effective Date), such LC Bank hereby sells and transfers to each Lender, and each Lender hereby acquires from such LC Bank, an undivided interest and participation to the extent of such Lender's Applicable Percentage in and to such Letter of Credit, including the obligations of such LC Bank under and in respect thereof and the Borrower's reimbursement and other obligations in respect thereof, whether now existing or hereafter arising.

(ii) If any LC Bank shall not have been reimbursed in full for any payment made by such LC Bank under any Letter of Credit issued by such LC Bank on the date of such payment, such LC Bank shall promptly notify the Administrative Agent and the Administrative Agent shall promptly notify each Lender of such non-reimbursement and the amount thereof. Upon receipt of such notice from the Administrative Agent, each Lender shall pay to the Administrative Agent for the account of such LC Bank an amount equal to such Lender's Applicable Percentage of such Unreimbursed LC Disbursement, plus interest on such amount at a rate per annum equal to the Federal Funds Rate from the date of such payment by such LC Bank to the date of payment to such LC Bank by such Lender. All such payments by each Lender shall be made in United States dollars and in same day funds not later than 3:00 P.M. (New York City time) on the later to occur of (A) the Business Day immediately following the date of such payment by the applicable LC Bank and (B) the Business Day on which such Lender shall have received notice of such non-reimbursement; *provided, however* , that if such notice is received by such Lender later than 11:00 A.M. (New York City time) on such Business Day, such payment shall be payable on the next Business Day. Each Lender agrees that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever. If a Lender shall have paid to the applicable LC Bank its ratable portion of any Unreimbursed LC Disbursement, together with all interest thereon required by the second sentence of this subparagraph (ii), such Lender shall be entitled to receive its ratable share of all interest paid by the Borrower in respect of such Unreimbursed LC Disbursement. If such Lender shall have made such payment to the applicable LC Bank, but without all such interest thereon required by the second sentence of this subparagraph (ii), such Lender shall be entitled to receive its ratable share of the interest paid by the Borrower in respect of such Unreimbursed LC Disbursement only from the date it shall have paid all interest required by the second sentence of this subparagraph (ii).

(iii) The failure of any Lender to make any payment to the applicable LC Bank in accordance with subparagraph (ii) above, shall not relieve any other Lender of its obligation to make payment, but neither such LC Bank nor any Lender shall be responsible for the failure of any other Lender to make such payment. If any Lender shall fail to make any payment to the applicable LC Bank in accordance with subparagraph (ii) above, then such Lender shall pay to such LC Bank forthwith on demand such corresponding amount together with interest thereon, for each day until the date such amount is repaid to such LC Bank at the Federal Funds Rate. Nothing herein shall in any way limit, waive or otherwise reduce any claims that any party hereto may have against any non-performing Lender.

(f) *Obligations Absolute.* The payment obligations of each Lender under Section 2.04(e) and of the Borrower under Section 2.04(c) of this Agreement in respect of any payment under any Letter of Credit and any Loan made under Section 2.04(d) shall be unconditional and irrevocable, and shall be paid strictly in accordance with the terms of this Agreement under all circumstances, including, without limitation, the following circumstances:

(i) any lack of validity or enforceability of any Credit Document or any other agreement or instrument relating thereto or to such Letter of Credit;

(ii) any amendment or waiver of, or any consent to departure from, all or any of the Credit Documents;

(iii) the existence of any claim, set-off, defense or other right which the Borrower may have at any time against any beneficiary, or any transferee, of such Letter of Credit (or any Persons for whom any such beneficiary or any such transferee may be acting), any LC Bank, or any other Person, whether in connection with this Agreement, the transactions contemplated herein or by such Letter of Credit, or any unrelated transaction;

(iv) any statement or any other document presented under such Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect;

(v) payment in good faith by the applicable LC Bank under the Letter of Credit issued by such LC Bank against presentation of a draft or certificate which does not comply with the terms of such Letter of Credit; or

(vi) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing.

(g) *Liability of LC Banks and the Lenders.* The Borrower assumes all risks of the acts and omissions of any beneficiary or transferee of any Letter of Credit. Neither the LC Banks, the Lenders nor any of their respective officers, directors, employees, agents or Affiliates shall be liable or responsible for (i) the use that may be made of such Letter of Credit or any acts or omissions of any beneficiary or transferee thereof in connection therewith; (ii) the validity, sufficiency or genuineness of documents, or of any endorsement thereon, even if such documents should prove to be in any or all respects invalid, insufficient, fraudulent or forged; (iii) payment by any LC Bank against presentation of documents that do not comply with the terms of such Letter of Credit, including failure of any documents to bear any reference or adequate reference to such Letter of Credit; or (iv) any other circumstances whatsoever in making or failing to make payment under such Letter of Credit, *except* that the Borrower or any Lender shall have the right to bring suit against the applicable LC Bank, and such LC Bank shall be liable to the Borrower and any Lender, to the extent of any direct, as opposed to consequential, damages suffered by the Borrower or such Lender which were caused by such LC Bank's wilful misconduct or gross negligence as determined by a court of competent jurisdiction in a final and non-appealable judgment, including such LC Bank's wilful or grossly negligent failure to make timely payment under such Letter of Credit following the presentation to it by the beneficiary thereof of a draft and accompanying certificate(s) which strictly comply with the terms and conditions of such Letter of Credit. In furtherance and not in limitation of the foregoing, the applicable LC Bank may accept sight drafts and accompanying certificates presented under the Letter of Credit issued by such LC Bank that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary. Notwithstanding the foregoing, no Lender shall be obligated to indemnify the Borrower for damages caused by any LC Bank's wilful misconduct or gross negligence as determined by a court of competent jurisdiction in a final and non-appealable judgment, and the obligation of the Borrower to reimburse the Lenders hereunder shall be absolute and unconditional, notwithstanding the gross negligence or wilful misconduct of any LC Bank.

(h) *Transitional Provision* . Schedule 2.04 contains a schedule of certain letters of credit issued (or deemed issued) for the account of the Borrower prior to the Effective Date. Subject to the satisfaction of the conditions contained in Sections 3.01 and 3.02, from and after the Effective Date such letters of credit shall be deemed to be Letters of Credit issued pursuant to this Section 2.04.

SECTION 2.05. Funding of Borrowings.

(a) Each Lender shall make the amount of each Loan to be made by it hereunder available to the Administrative Agent on the proposed date thereof by wire transfer of immediately available funds by 1:00 p.m., New York City time, at the Administrative Agent's office most recently designated by it for such purpose by notice to the Lenders. The Administrative Agent will make such Loans available to the Borrower by promptly crediting the amounts so received, in like funds, to an account established and maintained by the Borrower at the Administrative Agent's office in New York City.

(b) Unless the Administrative Agent shall have received notice from a Lender prior to the proposed time of any Borrowing that such Lender will not make available to the Administrative Agent such Lender's share of such Borrowing, the Administrative Agent may assume that such Lender has made such share available on such date in accordance with paragraph (a) of this Section and may, in reliance upon such assumption, make available to the Borrower a corresponding amount. In such event, if a Lender has not in fact made its share of the applicable Borrowing available to the Administrative Agent, then the applicable Lender and the Borrower severally agree to pay to the Administrative Agent forthwith on demand such corresponding amount with interest thereon, for each day from and including the date such amount is made available to the Borrower to but excluding the date of payment to the Administrative Agent, at (i) in the case of such Lender, the Federal Funds Effective Rate or (ii) in the case of the Borrower, the interest rate applicable to ABR Loans. If such Lender pays such amount to the Administrative Agent, then such amount shall constitute such Lender's Loan included in such Borrowing.

SECTION 2.06. Interest Elections.

(a) Each Borrowing initially shall be of the Type specified in the applicable Borrowing Request and, in the case of a Eurodollar Borrowing, shall have an initial Interest Period as specified in such Borrowing Request. Thereafter, the Borrower may elect to convert such Borrowing to a different Type or to continue such Borrowing and, in the case of a Eurodollar Borrowing, may elect Interest Periods therefor, all as provided in this Section. The Borrower may elect different options with respect to different portions of the affected Borrowing, in which case each such portion shall be allocated ratably among the Lenders holding the Loans comprising such Borrowing, and the Loans comprising each such portion shall be considered a separate Borrowing.

(b) To make an election pursuant to this Section, the Borrower shall notify the Administrative Agent of such election by telephone by the time that a Borrowing Request would be required under Section 2.02 if the Borrower were requesting a Borrowing of the Type resulting from such election to be made on the effective date of such election. Each such telephonic Interest Election Request shall be irrevocable and shall be confirmed promptly by hand delivery or telecopy to the Administrative Agent of a written Interest Election Request in substantially the form of Exhibit G (or such other form as shall be approved by the Administrative Agent) and signed by the Borrower.

(c) Each telephonic and written Interest Election Request shall specify the following information in compliance with Section 2.02:

(iv) the Borrowing to which such Interest Election Request applies and, if different options are being elected with respect to different portions thereof, the portions thereof to be allocated to each resulting Borrowing (in which case the information to be specified pursuant to clauses (iii) and (iv) below shall be specified for each resulting Borrowing);

(v) the effective date of the election made pursuant to such Interest Election Request, which shall be a Business Day;

(vi) whether the resulting Borrowing is to be an ABR Borrowing or a Eurodollar Borrowing; and

(vii) if the resulting Borrowing is a Eurodollar Borrowing, the Interest Period to be applicable thereto after giving effect to such election, which shall be a period contemplated by the definition of the term "Interest Period".

If any such Interest Election Request requests a Eurodollar Borrowing but does not specify an Interest Period, then the Borrower shall be deemed to have selected an Interest Period of one month's duration.

(d) Promptly following receipt of an Interest Election Request, the Administrative Agent shall advise each Lender of the details thereof and of such Lender's portion of each resulting Borrowing.

(e) If the Borrower fails to deliver a timely Interest Election Request with respect to a Eurodollar Borrowing prior to the end of the Interest Period applicable thereto, then, unless such Borrowing is repaid as provided herein, at the end of such Interest Period such Borrowing shall be converted to an ABR Borrowing. Notwithstanding any contrary provision hereof, if an Event of Default has occurred and is continuing and the Administrative Agent, at the request of the Required Lenders, so notifies the Borrower, then, so long as an Event of Default is continuing (i) no outstanding Borrowing may be converted to or continued as a Eurodollar Borrowing and (ii) unless repaid, each Eurodollar Borrowing shall be converted to an ABR Borrowing at the end of the Interest Period applicable thereto.

SECTION 2.07. Mandatory Termination or Reduction of Commitments.

Unless previously terminated, the Commitments shall terminate on the Termination Date.

SECTION 2.08. Mandatory Prepayments.

(a) If at any time the Total Outstanding Principal exceeds the Aggregate Commitments then in effect for any reason whatsoever (including, without limitation, as a result of any reduction in the Aggregate Commitments pursuant to Section 2.09), the Borrower shall prepay Loans or cash collateralize LC Exposure in an account with the Administrative Agent pursuant to the final paragraph of Section 8.01, as applicable, in such aggregate amount (together with accrued interest thereon to the extent required by Section 2.13) as shall be necessary so that, after giving effect to such prepayment, the Total Outstanding Principal does not exceed the Aggregate Commitments.

(b) Each prepayment of Loans pursuant to this Section 2.08 shall be accompanied by the Borrower's payment of any amounts payable under Section 2.16 in connection with such prepayment. Prepayments of Revolving Loans shall be applied ratably to the Loans so prepaid.

SECTION 2.09. Optional Reduction of Commitments.

(a) The Borrower may at any time terminate, or from time to time reduce, the Commitments (including the unused Letter of Credit Commitments of the LC Banks); *provided* that (i) each reduction of the Commitments shall be in an amount that is an integral multiple of $10,000,000 and (ii) the Borrower shall not terminate or reduce the Commitments if, after giving effect to any concurrent prepayment of the Loans in accordance with Section 2.11, the Total Outstanding Principal would exceed the Aggregate Commitments thereafter in effect.

(b) The Borrower shall notify the Administrative Agent of any election to terminate or reduce the Commitments under Section 2.09(a) at least five Business Days prior to the effective date of such termination or reduction, specifying such election and the effective date thereof. Promptly following receipt of any notice, the Administrative Agent shall advise the Lenders of the contents thereof. Each notice delivered by the Borrower pursuant to this Section shall be irrevocable; *provided* that a notice of termination of the Commitments delivered by the Borrower may state that such notice is conditioned upon the effectiveness of other credit facilities, in which case such notice may be revoked by the Borrower (by notice to the Administrative Agent on or prior to the specified effective date) if such condition is not satisfied. Any termination or reduction of the Commitments shall be permanent.

(c) Each reduction of the Commitments pursuant to this Section 2.09 shall be made ratably among the Lenders in accordance with their respective Commitments immediately preceding such reduction.

SECTION 2.10. Repayment of Loans; Evidence of Debt.

(a) The Borrower hereby unconditionally promises to pay to the Administrative Agent (i) for the account of each Lender the then unpaid principal amount of each Revolving Loan on the Termination Date, (ii) for the account of each Lender the then unpaid principal amount of each ABR Loan deemed to be made pursuant to Section 2.04(d) on the maturity date therefor as determined pursuant to Section 2.04(d) and (iii) for the account of the Swingline Lender the then unpaid principal amount of each Swingline Loan on the maturity date therefor as determined pursuant to Section 2.03.

(b) Each Lender (including the Swingline Lender) shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower to such Lender resulting from each Loan (including each Swingline Loan) made by such Lender, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.

(c) The Administrative Agent shall maintain accounts in which it shall record (i) the amount of each Loan made hereunder, the Class and Type thereof and the Interest Period applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder and (iii) the amount of any sum received by the Administrative Agent hereunder for the account of the Lenders (including the Swingline Lender) and each Lender's share thereof.

(d) The entries made in the accounts maintained pursuant to paragraph (b) or (c) of this Section shall be *prima facie* evidence of the existence and amounts of the obligations recorded therein; *provided* that the failure of any Lender or the Administrative Agent to maintain such accounts or any error therein shall not in any manner affect the obligation of the Borrower to repay the Loans in accordance with the terms of this Agreement.

(e) Any Lender (including the Swingline Lender) may request that Loans made by it be evidenced by a promissory note. In such event, the Borrower shall prepare, execute and deliver to such Lender a promissory note payable to the order of such Lender (or, if requested by such Lender, to such Lender and its registered assigns) and in substantially the form of Exhibit F. Thereafter, the Loans evidenced by such promissory note and interest thereon shall at all times (including after assignment pursuant to Section 11.04) be represented by one or more promissory notes in such form payable to the order of the payee named therein (or, if such promissory note is a registered note, to such payee and its registered assigns).

SECTION 2.11. Optional Prepayment of Loans.

(a) The Borrower shall have the right at any time and from time to time to prepay any Borrowing (including any Swingline Borrowing) in whole or in part, subject to prior notice in accordance with paragraph (b) of this Section.

(b) The Borrower shall notify the Administrative Agent by telephone (confirmed by telecopy) of any prepayment hereunder (i) in the case of prepayment of a Eurodollar Borrowing, not later than 11:00 a.m., New York City time, three Business Days before the date of prepayment, (ii) in the case of prepayment of an ABR Borrowing, not later than 11:00 a.m., New York City time, one Business Day before the date of prepayment or (iii) in the case of prepayment of a Swingline Borrowing, not later than 11:00 a.m., New York City time, on the date of prepayment. Each such notice shall be irrevocable and shall specify the prepayment date and the principal amount of each Borrowing or portion thereof to be prepaid; *provided* that, if a notice of prepayment is given in connection with a conditional notice of termination of the Commitments as contemplated by Section 2.09, then such notice of prepayment may be revoked if such notice of termination is revoked in accordance with Section 2.09. Each such telephonic notice of prepayment shall be confirmed promptly by hand delivery or telecopy to the Administrative Agent of a prepayment notice in substantially the form of Exhibit H (or such other form as shall be approved by the Administrative Agent) and signed by the Borrower. Promptly following receipt of any such notice relating to a Borrowing, the Administrative Agent shall advise the Lenders of the contents thereof. Each partial prepayment of any Revolving Borrowing shall be in an amount that would be permitted in the case of an advance of a Revolving Borrowing of the same Type as provided in Section 2.02, and each partial prepayment of a Swingline Borrowing shall be in an amount not less than $100,000 or any integral multiple thereof, it being understood that the foregoing minimums shall not apply to the prepayment in whole of the outstanding Revolving Loans of all Lenders or to the prepayment in whole of the outstanding Swingline Loans of the Swingline Lender. Each prepayment of a Revolving Borrowing shall be applied ratably to the Loans included in the prepaid Revolving Borrowing. Prepayments shall be accompanied by accrued interest to the extent required by Section 2.13 and by any amounts payable under Section 2.16 in connection with such prepayment.

SECTION 2.12. Fees.

(a) The Borrower agrees to pay to the Administrative Agent for the account of each Lender a facility fee (each a " ***Facility Fee*** "), which shall accrue at the Applicable Rate on the daily amount of the Commitment of such Lender (whether used or unused) during the period from and including the Effective Date to but excluding the date on which such Commitment terminates; *provided* that, if such Lender continues to have any Revolving Credit Exposure after its Commitment terminates, then such Facility Fee shall continue to accrue on the daily amount of such Lender's Revolving Credit Exposure from and including the date on which its Commitment terminates to but excluding the date on which such Lender ceases to have any Revolving Credit Exposure. Accrued Facility Fees shall be payable in arrears on the last day of March, June, September and December of each year and on the date on which the Commitments terminate, commencing on the first such date to occur after the Effective Date; *provided* that any Facility Fees accruing after the date on which the Commitments terminate shall be payable on demand. All Facility Fees shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day).

(b) The Borrower agrees to pay to the Administrative Agent for the account of each Lender a letter of credit risk participation fee (each a "***LC Risk Participation Fee***"), which shall accrue at the Applicable Rate on the average daily amount of the LC Outstandings during the period from and including the Effective Date to but excluding the Termination Date or such later date as on which there shall cease to be any LC Outstandings. Accrued LC Risk Participation Fees shall be payable in arrears on the last day of March, June, September and December of each year and on the date on which the Commitments terminate, commencing on the first such date to occur after the Effective Date; *provided* that any LC Risk Participation Fees accruing after the date on which the Commitments terminate shall be payable on demand. All LC Risk Participation Fees shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day). The Borrower shall also pay to the LC Bank for its own account (x) a fronting fee, which fronting fee shall accrue at a per annum rate agreed upon between the Borrower and the applicable LC Bank on the average daily amount of such LC Outstandings in respect of all Letters of Credit issued by such LC Bank during the period each such Letter of Credit shall be outstanding, which fronting fee shall be payable in arrears on the last day of March, June, September and December of each year and on the date on which such Letter of Credit terminates, and (y) documentary and processing charges in connection with the issuance, or modification cancellation, negotiation, or transfer of, and draws under Letters of Credit issued by such LC Bank in accordance with such LC Bank's standard schedule for such charges as in effect from time to time.

(c) The Borrower agrees to pay to the Administrative Agent and each of the Lead Lenders, in each case, for its own account and for the account of the other Persons entitled thereto, the fees provided for in the applicable fee letter dated August 30, 2013, executed and delivered with respect to the credit facility provided for herein, in each case, in the amounts and at the times set forth therein and in immediately available funds.

(d) All fees payable hereunder, with the exception of the fees paid directly to an LC Bank pursuant to paragraph (b) of this Section, shall be paid to the Administrative Agent (for the ratable distribution, in the case of Facility Fees and LC Risk Participation Fees, to the Lenders) on the dates due, in immediately available funds. Fees due and paid shall not be refundable under any circumstances.

SECTION 2.13. Interest.

(a) The Loans comprising each ABR Borrowing shall bear interest at a rate *per annum* equal to the Alternate Base Rate plus the Applicable Rate.

(b) The Loans comprising each Eurodollar Borrowing shall bear interest at a rate *per annum* equal to the LIBO Rate for the Interest Period in effect for such Borrowing plus the Applicable Rate.

(c) Each Swingline Loan shall bear interest at a rate *per* annum equal to the Swingline Rate, as determined for such Swingline Loan and notified by the Swingline Lender to the Borrower in accordance with Section 2.03(a).

(d) Notwithstanding the foregoing, if any principal of or interest on any Loan or any fee or other amount payable by the Borrower hereunder is not paid when due, whether at stated maturity, upon acceleration or otherwise, such overdue amount shall bear interest, after as well as before judgment, at a rate *per annum* equal to (i) in the case of overdue principal of any Loan, 2% plus the rate otherwise applicable to such Loan as provided above or (ii) in the case of any other amount, 2% plus the rate applicable to ABR Loans as provided above.

(e) Accrued interest on each Loan shall be payable in arrears on each Interest Payment Date for such Loan; *provided* that (i) interest accrued pursuant to paragraph (d) of this Section shall be payable on demand, (ii) in the event of any repayment or prepayment of any Loan, accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment, (iii) in the event of any conversion of any Eurodollar Revolving Loan prior to the end of the current Interest Period therefor, accrued interest on such Loan shall be payable on the effective date of such conversion and (iv) all accrued interest shall be payable upon termination of the Commitments.

(f) All interest hereunder shall be computed on the basis of a year of 360 days, except that interest computed by reference to the Alternate Base Rate at times when the Alternate Base Rate is based on the Prime Rate shall be computed on the basis of a year of 365 days (or 366 days in a leap year), and in each case shall be payable for the actual number of days elapsed (including the first day but excluding the last day). The applicable Alternate Base Rate or LIBO Rate shall be determined by the Administrative Agent, and such determination shall be conclusive absent manifest error.

SECTION 2.14. Alternate Rate of Interest. If prior to the commencement of any Interest Period for a Eurodollar Borrowing:

(a) the Administrative Agent reasonably determines (which determination shall be conclusive absent manifest error) that adequate and reasonable means do not exist for ascertaining the LIBO Rate for such Interest Period; or

(b) the Administrative Agent is advised by the Required Lenders that the LIBO Rate for such Interest Period will not adequately and fairly reflect the cost to such Lenders of making or maintaining their Loans included in such Borrowing for such Interest Period;

then the Administrative Agent shall give notice thereof to the Borrower and the Lenders by telephone or telecopy as promptly as practicable thereafter and, until the Administrative Agent notifies the Borrower and the Lenders that the circumstances giving rise to such notice no longer exist, (i) any Interest Election Request that requests the conversion of any Revolving Borrowing to, or continuation of any Revolving Borrowing as, a Eurodollar Borrowing shall be ineffective and (ii) if any Borrowing Request requests a Eurodollar Revolving Borrowing, such Borrowing shall be made as an ABR Borrowing.

SECTION 2.15. Increased Costs. If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or credit extended by, any Lender or any LC Bank (except any such reserve requirement described in paragraph (e) of this Section);

(ii) impose on any Lender or any LC Bank or the London interbank market any other condition affecting this Agreement or Eurodollar Loans made by such Lender or participation therein or Unreimbursed LC Disbursements or Letters of Credit and participations therein; or

(iii) subject the Administrative Agent or any Lender to any Taxes (other than (A) Indemnified Taxes, (B) Taxes described in clauses (b) through (d) of the definition of Excluded Taxes and (C) Connection Income Taxes) imposed on or with respect to any payment made by or on account of any obligations of any Credit Party under the Credit Documents) on its loans, loan principal, Letter of Credit Commitment or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto;

and the result of any of the foregoing shall be to increase the cost to the Administrative Agent, such Lender or such LC Bank of making, continuing, converting to or maintaining any Loan or Unreimbursed LC Disbursement or issuing or maintaining Letters of Credit and participation interests therein (or of maintaining its obligation to make any such Loan or issue or participate in such Letter of Credit) or to reduce the amount of any sum received or receivable by the Administrative Agent, such Lender or such LC Bank hereunder (whether of principal, interest or otherwise), then the Borrower will pay to the Administrative Agent, such Lender or such LC Bank, as the case may be, such additional amount or amounts as will compensate the Administrative Agent, such Lender or such LC Bank for such additional costs incurred or reduction suffered.

(b) If any Lender or any LC Bank determines that any Change in Law regarding capital adequacy or liquidity requirements has or would have the effect of reducing the rate of return on such Lender's or such LC Bank's capital or on the capital of its holding company, if any, as a consequence of this Agreement to a level below that which such Lender or such LC Bank or its holding company could have achieved but for such Change in Law (taking into consideration its policies and the policies of its holding company with respect to capital adequacy and liquidity), then from time to time the Borrower will pay to such Lender or such LC Bank, as the case may be, such additional amount or amounts as will compensate it or its holding company for any such reduction suffered.

(c) A certificate of a Lender or the applicable LC Bank, as the case may be, setting forth the amount or amounts necessary to compensate it or its holding company as specified in paragraph (a) or (b) of this Section shall be delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay the amount shown as due on any such certificate within 10 days after receipt thereof.

(d) Failure or delay on the part of any Lender or any LC Bank to demand compensation pursuant to this Section shall not constitute a waiver of its right to demand such compensation; provided that the Borrower shall not be required to compensate a Lender pursuant to this Section for any increased costs or reductions incurred more than ninety days prior to the date that such

Lender or such LC Bank notifies the Borrower of the Change in Law giving rise to such increased costs or reductions and of its intention to claim compensation therefor; provided, further that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the ninety day period referred to above shall be extended to include the period of retroactive effect thereof.

(e) The Borrower shall pay (without duplication as to amounts paid under this Section 2.15) to each Lender, so long as such Lender shall be required under regulations of the Board to maintain reserves with respect to liabilities or assets consisting of or including Eurocurrency Liabilities, additional interest on the unpaid principal amount of each Eurodollar Loan of such Lender, from the date of such Loan until such principal amount is paid in full, at an interest rate per annum equal at all times to the remainder obtained by subtracting (i) the LIBO Rate for the Interest Period for such Loan from (ii) the rate obtained by dividing such LIBO Rate by a percentage equal to 100% minus the Eurodollar Rate Reserve Percentage of such Lender for such Interest Period, payable on each date on which interest is payable on such Loan. Such additional interest determined by such Lender and notified to the Borrower and the Administrative Agent, accompanied by the calculation of the amount thereof, shall be conclusive and binding for all purposes absent manifest error.

(f) If any Lender determines that any law has made it unlawful, or that any Governmental Authority has asserted that it is unlawful, for any Lender or its applicable lending office to make, maintain or fund Eurodollar Loans, or to determine or charge interest rates based upon the LIBO Rate, or any Governmental Authority has imposed material restrictions on the authority of such Lender to purchase or sell, or to take deposits of, Dollars in the London interbank market, then, on notice thereof by such Lender to the Borrower through the Administrative Agent, any obligation of such Lender to make or continue Eurodollar Loans or to convert ABR Loans to Eurodollar Loans shall be suspended until such Lender notifies the Administrative Agent and the Borrower that the circumstances giving rise to such determination no longer exist. Upon receipt of such notice, the Borrower shall, upon demand from such Lender (with a copy to the Administrative Agent), prepay or, if applicable, convert all Eurodollar Loans of such Lender to ABR Loans, either on the last day of the Interest Period therefor, if such Lender may lawfully continue to maintain such Eurodollar Loans to such day, or immediately, if such Lender may not lawfully continue to maintain such Eurodollar Loans. Upon any such prepayment or conversion, the Borrower shall also pay accrued interest on the amount so prepaid or converted.

SECTION 2.16. ***Break Funding Payments.*** In the event of (a) the payment of any principal of any Eurodollar Loan other than on the last day of an Interest Period applicable thereto (including as a result of an Event of Default), (b) the conversion of any Eurodollar Loan other than on the last day of the Interest Period applicable thereto, (c) the failure to borrow, convert, continue or prepay any Revolving Loan on the date specified in any notice delivered pursuant hereto (regardless of whether such notice is permitted to be revocable under Section 2.11(b) and is revoked in accordance therewith), or (d) the assignment of any Eurodollar Loan other than on the last day of the Interest Period applicable thereto as a result of a request by the Borrower pursuant to Section 2.19, then, in any such event, the Borrower shall compensate each Lender for the loss, cost and expense attributable to such event. In the case of a Eurodollar Loan, the loss to any Lender attributable to any such event shall be deemed to include an amount reasonably determined by such Lender to be equal to the excess, if any, of (x) the amount of interest that such Lender would pay for a deposit equal to the principal amount of such Loan for the period from the date of such payment, conversion, failure or assignment to the last day of the then current Interest Period for such Loan (or, in the case of a failure to borrow, convert or continue, the duration of the Interest Period that would have resulted from such borrowing, conversion or continuation) if the interest rate payable on such deposit were equal to the LIBO Rate for such Interest Period, over (y) the amount of interest that such Lender would earn on such principal amount for such period if such Lender were to invest such principal amount for such period at the interest rate that would be bid by such Lender (or an affiliate of such Lender) for dollar deposit from other banks in the eurodollar market at the commencement of such period. A certificate of any Lender setting forth any amount or amounts that such Lender is entitled to receive pursuant to this Section shall be delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay such Lender the amount shown as due on any such certificate within 10 days after receipt thereof.

SECTION 2.17. Taxes.

(a) Any and all payments by or on account of any obligation of the Borrower hereunder shall be made free and clear of and without deduction for any Indemnified Taxes or Other Taxes; *provided* that if any Credit Party shall be required to deduct any Indemnified Taxes or Other Taxes from such payments, then (i) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section) the Administrative Agent, LC Bank or Lender (as the case may be) receives an amount equal to the sum it would have received had no such deductions been made, (ii) such Credit Party shall make such deductions and (iii) such Credit Party shall pay the full amount deducted to the relevant Governmental Authority in accordance with applicable law.

(b) In addition, the Borrower shall pay any Other Taxes to the relevant Governmental Authority in accordance with applicable law.

(c) The Borrower shall indemnify the Administrative Agent, each LC Bank and each Lender, within 10 days after written demand therefor, for the full amount of any Indemnified Taxes or Other Taxes (and for any Taxes imposed or asserted on or attributable to amounts payable under this Section) paid by the Administrative Agent, such LC Bank or such Lender, as the case may be, and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrower by a Lender or any LC Bank, or by the Administrative Agent on its own behalf or on behalf of a Lender or any LC Bank, shall be conclusive absent manifest error.

(d) As soon as practicable after any payment of Indemnified Taxes or Other Taxes by a Credit Party to a Governmental Authority, such Credit Party shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(e) Any Foreign Lender that is entitled to an exemption from or reduction of withholding tax under the laws of the jurisdiction in which the Borrower or the Guarantor is located, or any treaty to which such jurisdiction is a party, with respect to payments under this Agreement shall deliver to the Borrower (with an additional original or a photocopy, as required under applicable rules and procedures, to the Administrative Agent), at the time or times prescribed by applicable law or reasonably requested by the Borrower, such properly completed and executed documentation prescribed by applicable law as shall be necessary to permit such payments to be made without withholding or at a reduced rate. Further, in those circumstances as shall be necessary to allow payments hereunder to be made free of (or at a reduced rate of) withholding tax, each other Lender and the Administrative Agent, as applicable, shall deliver to Borrower such documentation as the Borrower may reasonably request in writing.

(f) Except with the prior written consent of the Administrative Agent, all amounts payable by a Credit Party hereunder shall be made by such Credit Party in its own name and for its own account from within the United States of America by a payor that is a United States person (within the meaning of Section 7701 of the Code).

(g) If a payment made to a Lender under any Credit Document would be subject to U.S. Federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to the Borrower and the Administrative Agent at the time or times prescribed by Law and at such time or times reasonably requested by the Borrower or the Administrative Agent such documentation prescribed by applicable Law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Borrower or the Administrative Agent as may be necessary for the Borrower and the Administrative Agent to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (g), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

SECTION 2.18. Payments Generally; Pro Rata Treatment; Sharing of Set-Offs.

(a) The Borrower shall make each payment required to be made by it hereunder (whether of principal, interest or fees, or under Section 2.15, 2.16, 2.17 or 11.03, or otherwise) prior to 12:00 noon, New York City time, on the date when due, in immediately available funds, without set-off or counterclaim. Any amounts received after such time on any date may, in the discretion of the Administrative Agent, be deemed to have been received on the next succeeding Business Day for purposes of calculating interest thereon. All such payments shall be made to the Administrative Agent at its offices at 745 Seventh Avenue, New York, NY 10019, except that payments pursuant to Sections 2.15, 2.16, 2.17 and 11.03 shall be made directly to the Persons entitled thereto. The Administrative Agent shall distribute any such payments received by it for the account of any other Person to the appropriate recipient promptly following receipt thereof. If any payment hereunder shall be due on a day that is not a Business Day, the date for payment shall be extended to the next succeeding Business Day, and, in the case of any payment accruing interest, interest thereon shall be payable for the period of such extension. All payments hereunder shall be made in Dollars.

(b) If at any time insufficient funds are received by and available to the Administrative Agent to pay fully all amounts of principal, interest and fees then due hereunder, such funds shall be applied (i) first, to pay interest and fees then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of interest and fees then due to such parties, and (ii) second, to pay principal then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of principal then due to such parties.

(c) If any Lender shall, by exercising any right of set-off or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of the Obligations owing to it resulting in such Lender receiving payment of a greater proportion of the aggregate amount of such Obligations and accrued interest thereon than the proportion received by any other Lender, then the Lender receiving such greater proportion shall purchase (for cash at face value) participations in the Revolving Loans of, or other Obligations owing to, other Lenders to the extent necessary so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Revolving Loans or other Obligations, as applicable; *provided* that (i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest, and (ii) the provisions of this paragraph shall not be construed to apply to any payment made by the Borrower pursuant to and in accordance with the express terms of this Agreement or any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans to any assignee or participant, other than to the Guarantor, the Borrower or any other Subsidiary or Affiliate of the Guarantor (as to which the provisions of this paragraph shall apply). The Borrower and the Guarantor consent to the foregoing and agree, to the extent they may effectively do so under applicable law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against the Borrower and the Guarantor rights of set-off and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of the Borrower or the affected Guarantor in the amount of such participation.

(d) Unless the Administrative Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Administrative Agent for the account of the Lenders hereunder that the Borrower will not make such payment, the Administrative Agent may assume that the Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders the amount due. In such event, if the Borrower has not in fact made such payment, then each of the Lenders severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at the Federal Funds Effective Rate.

(e) If any Lender shall fail to make any payment required to be made by it pursuant to Section 2.03(c), 2.04(c), 2.05(b) or 2.18(d), then the Administrative Agent may, in its discretion (notwithstanding any contrary provision hereof), apply any amounts thereafter received by the Administrative Agent for the account of such Lender to satisfy such Lender's obligations under such Sections until all such unsatisfied obligations are fully paid.

(f) None of the funds or assets of the Borrower that are used to pay any amount due pursuant to this Agreement shall constitute funds obtained from transactions with or relating to Designated Persons or countries which [the] subject of sanctions under any Sanctions Laws and Regulations.

SECTION 2.19. Mitigation Obligations; Replacement of Lenders.

(a) Any Lender claiming reimbursement or compensation from the Borrower under either of Sections 2.15 and 2.17 for any losses, costs or other liabilities shall use reasonable efforts (including, without limitation, reasonable efforts to designate a different lending office of such Lender for funding or booking its Loans or to assign its rights and obligations hereunder to another of its offices, branches or affiliates) to mitigate the amount of such losses, costs and other liabilities, if such efforts can be made and such mitigation can be accomplished without such Lender suffering (i) any economic disadvantage for which such Lender does not receive full indemnity from the Borrower under this Agreement or (ii) otherwise be disadvantageous to such Lender.

(b) In determining the amount of any claim for reimbursement or compensation under Sections 2.15 and 2.17, each Lender will use reasonable methods of calculation consistent with such methods customarily employed by such Lender in similar situations.

(c) Each Lender will notify the Borrower either directly or through the Administrative Agent of any event giving rise to a claim under Section 2.15 or Section 2.17 promptly after the occurrence thereof which notice shall be accompanied by a certificate of such Lender setting forth in reasonable detail the circumstances of such claim.

(d) If any Lender requests compensation under Section 2.15, or if the Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.17, or if any Lender becomes a Defaulting Lender, then the Borrower may, at its sole expense and effort, upon notice to such Lender and the Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in Section 11.04, provided that the Administrative Agent may, in its sole discretion, elect to waive the $3,500 processing and recordation fee in connection therewith), all its interests, rights and obligations under this Agreement to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment); *provided* that (i) the Borrower shall have received the prior written consent of the Administrative Agent and each LC Bank, which consent, in the case of the Administrative Agent, shall not unreasonably be withheld and, in the case of each LC Bank, may be given or withheld in the sole discretion of such LC Bank, (ii) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans, accrued interest thereon, accrued fees and all other amounts payable to it hereunder, from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrower (in the case of all other amounts) and (iii) in the case of any such assignment resulting from a claim for compensation under Section 2.15 or payments required to be made pursuant to Section 2.17, such assignment will result in a reduction in such compensation or payments. A Lender shall not be required to make any such assignment and delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrower to require such assignment and delegation cease to apply.

SECTION 2.20. Defaulting Lenders.

Notwithstanding any provision of this Agreement to the contrary, if any Lender becomes a Defaulting Lender, then the following provisions shall apply for so long as such Lender is a Defaulting Lender:

(a) fees shall cease to accrue on the Commitment of such Defaulting Lender pursuant to Section 2.12(a);

(b) the Commitment and Revolving Credit Exposure of such Defaulting Lender shall not be included in determining whether the Required Lenders have taken or may take any action hereunder (including any consent to any amendment, waiver or other modification pursuant to Section 11.02); provided, that this clause (b) shall not apply to the vote of a Defaulting Lender in the case of an amendment, waiver or other modification requiring the consent of such Lender or each Lender affected thereby;

(c) if any Swingline Exposure or LC Exposure exists at the time such Lender becomes a Defaulting Lender then:

(i) so long as no Default shall be continuing, all or any part of the Swingline Exposure and LC Exposure of such Defaulting Lender shall be reallocated among the non-Defaulting Lenders in accordance with their respective Applicable Percentages but only to the extent the sum of all non-Defaulting Lenders' Revolving Credit Exposures plus such Defaulting Lender's Swingline Exposure and LC Exposure does not exceed the total of all non-Defaulting Lenders' Commitments and to the extent the sum of each non-Defaulting Lender's Revolving Credit Exposure, Swingline Exposure and LC Exposure does not exceed such non-Defaulting Lender's Commitment;

(ii) if the reallocation described in clause (i) above cannot, or can only partially, be effected, the Borrower shall within one (1) Business Day following notice by the Administrative Agent (x) first, prepay such Swingline Exposure and (y) second, cash collateralize for the benefit of the applicable LC Bank only the Borrower's obligations corresponding to such Defaulting Lender's LC Exposure (after giving effect to any partial reallocation pursuant to clause (i) above) in accordance with the procedures set forth in the last paragraph of Section 8.01 for so long as such LC Exposure is outstanding;

(iii) if the Borrower cash collateralizes any portion of such Defaulting Lender's LC Exposure pursuant to clause (ii) above, the Borrower shall not be required to pay any fees to such Defaulting Lender pursuant to Section 2.12(b) or the applicable LC Bank pursuant to Section 2.12(b)(x) (solely with respect to any fronting fee), in each case with respect to such Defaulting Lender's LC Exposure during the period such Defaulting Lender's LC Exposure is cash collateralized;

(iv) if the LC Exposure of the non-Defaulting Lenders is reallocated pursuant to clause (i) above, then the fees payable to the Lenders pursuant to Section 2.12(b) shall be adjusted in accordance with such non-Defaulting Lenders' Applicable Percentages; and

(v) if all or any portion of such Defaulting Lender's LC Exposure is neither reallocated nor cash collateralized pursuant to clause (i) or (ii) above, then, without prejudice to any rights or remedies of any LC Bank or any other Lender hereunder, all Facility Fees that otherwise would have been payable to such Defaulting Lender (solely with respect to the portion of such Defaulting Lender's Commitment that was utilized by such LC Exposure) and letter of credit fees payable under Section 2.12(b) with respect to such Defaulting Lender's LC Exposure shall be payable to the applicable LC Bank until and to the extent that such LC Exposure is reallocated and/or cash collateralized; and

(d) so long as such Lender is a Defaulting Lender, the Swingline Lender shall not be required to fund any Swingline Loan and the LC Banks shall not be required to issue, amend or increase any Letter of Credit, unless it is reasonably satisfied that (i) the related exposure and the Defaulting Lender's then outstanding LC Exposure will be 100% covered by the Commitments of the non-Defaulting Lenders and/or cash collateral will be provided by the Borrower in accordance with Section 2.20(c), and (ii) participating interests in any such newly made Swingline Loan or any newly issued or increased Letter of Credit shall be allocated among non-Defaulting Lenders in a manner consistent with Section 2.20(c)(i) (and such Defaulting Lender shall not participate therein).

If (i) a Bankruptcy Event with respect to a Parent of any Lender shall occur following the date hereof and for so long as such event shall continue or (ii) the Swingline Lender or any LC Bank has a good faith belief that any Lender has defaulted in fulfilling its obligations under one or more other agreements in which such Lender commits to extend credit, the Swingline Lender shall not be required to fund any Swingline Loan and no LC Bank shall be required to issue, amend or increase any Letter of Credit, unless the Swingline Lender or the applicable LC Bank, as the case may be, shall have entered into arrangements with the Borrower or such Lender, satisfactory to the Swingline Lender or the applicable LC Bank, as the case may be, to defease any risk to it in respect of such Lender hereunder.

In the event that the Administrative Agent, the Borrower, the Swingline Lender and the LC Banks each agrees that a Defaulting Lender has adequately remedied all matters that caused such Lender to be a Defaulting Lender, then the Swingline Exposure and LC Exposure of the Lenders shall be readjusted to reflect the inclusion of such Lender's Commitment and on such date such Lender shall purchase at par such of the Loans of the other Lenders (other than Swingline Loans) as the Administrative Agent shall determine may be necessary in order for such Lender to hold such Loans in accordance with its Applicable Percentage.

ARTICLE III
CONDITIONS

SECTION 3.01. ***Conditions Precedent to the Effectiveness of this Agreement.*** This Agreement shall not become effective until the date on which each of the following conditions is satisfied (or waived in accordance with Section 11.02).

(f) The Administrative Agent (or its counsel) shall have received from each party thereto either (i) a counterpart of this Agreement signed on behalf of such party or (ii) written evidence satisfactory to the Administrative Agent (which may include facsimile or electronic transmission of a signed signature page of this Agreement) that such party has signed a counterpart of this Agreement.

(g) The Lenders, the Administrative Agent, the Arrangers and each other Person entitled to the payment of fees or the reimbursement or payment of expenses, pursuant hereto or to those certain fee letters dated August 30, 2013, executed and delivered with respect to the credit facility provided for herein, shall have received all fees required to be paid by the Effective Date (including, without limitation, all fees owing on the Effective Date under Section 2.12(c) hereof), and all expenses for which invoices have been presented on or before the Effective Date.

(h) The Administrative Agent shall have received certified copies of the resolutions of the Board of Directors of each of the Guarantor and the Borrower approving this Agreement, and of all documents evidencing other necessary corporate action and governmental and regulatory approvals with respect to this Agreement.

(i) The Administrative Agent shall have received from each of the Borrower and the Guarantor, to the extent generally available in the relevant jurisdiction, a copy of a certificate or certificates of the Secretary of State (or other appropriate public official) of the jurisdiction of its incorporation, dated reasonably near the Effective Date, (i) listing the charters of the Borrower or the Guarantor, as the case may be, and each amendment thereto on file in such office and certifying that such amendments are the only amendments to the Borrower's or the Guarantor's charter, as the case may be, on file in such office, and (ii) stating, in the case of the Borrower, that the Borrower is authorized to transact business under the laws of the jurisdiction of its place of incorporation, and, in the case of the Guarantor, that the Guarantor is duly incorporated and in good standing under the laws of the jurisdiction of its place of incorporation.

(j) (i) The Administrative Agent shall have received a certificate or certificates of each of the Borrower and the Guarantor, signed on behalf of the Borrower and the Guarantor respectively, by a the Secretary, an Assistant Secretary or a Responsible Officer thereof, dated the Effective Date, certifying as to (A) the absence of any amendments to the charter of the Borrower or the Guarantor, as the case may be, since the date of the certificates referred to in paragraph (d) above, (B) a true and correct copy of the bylaws of each of the Borrower or the Guarantor, as the case may be, as in effect on the Effective Date, (C) the absence of any proceeding for the dissolution or liquidation of the Borrower or the Guarantor, as the case may be, (D) the truth, in all material respects, of the representations and warranties contained in the Credit Documents to which the Borrower or the Guarantor is a party, as the case may be, as though made on and as of the Effective Date, and (E) the absence, as of the Effective Date, of any Default or Event of Default; and (ii) each of such certifications shall be true.

(k) The Administrative Agent shall have received a certificate of the Secretary or an Assistant Secretary of each of the Guarantor and the Borrower certifying the names and true signatures of the officers of Guarantor or the Borrower, as the case may be, authorized to sign, and signing, this Agreement and the other Credit Documents to be delivered hereunder on or before the Effective Date.

(l) The Administrative Agent shall have received from Schiff Hardin LLP, counsel for the Guarantor and the Borrower, a favorable opinion, substantially in the form of Exhibit B hereto and as to such other matters as any Lender through the Administrative Agent may reasonably request.

SECTION 3.02. Conditions Precedent to Each Extension of Credit. The obligation of each Lender to make any Extension of Credit and of each LC Bank to issue, extend (other than an extension pursuant to an automatic extension provision set forth in the applicable Letter of Credit) or amend any Letter of Credit (including the initial Extension of Credit but excluding any conversion or continuation of any Loan) shall be subject to the satisfaction (or waiver in accordance with Section 11.02) of each of the following conditions:

(d) The representations and warranties of the Guarantor and the Borrower set forth in this Agreement (other than the representation and warranty set forth in Section 4.01(f)) shall be true and correct in all material respects on and as of the date of such Extension of Credit, except to the extent that such representations and warranties are specifically limited to a prior date, in which case such representations and warranties shall be true and correct in all material respects on and as of such prior date provided, that, in each case, such materiality qualifier shall not be applicable to any representations and warranties that are already qualified or modified by "materiality," "Material Adverse Effect" or similar language in the text thereof.

(e) After giving effect to (A) such Extension of Credit, together with all other Extensions of Credit to be made contemporaneously therewith, and (B) the repayment of any Loans or Unreimbursed LC Disbursements that are to be contemporaneously repaid at the time such Loan is made, such Extension of Credit will not result in the sum of the then total Outstanding Principal exceeding the Aggregate Commitments.

(f) Such Extension of Credit will comply with all other applicable requirements of Article II, including, without limitation Sections 2.01, 2.02, 2.03 and 2.04, as applicable.

(g) At the time of and immediately after giving effect to such Extension of Credit, no Default or Event of Default shall have occurred and be continuing.

(h) In the case of a Revolving Loan, the Administrative Agent shall have timely received a Borrowing Request; and, in the case of a Letter of Credit issuance, extension (other than an extension pursuant to an automatic extension provision set forth in the applicable Letter of Credit) or amendment, a Request for Issuance.

Each Extension of Credit and the acceptance by the Borrower of the benefits thereof shall be deemed to constitute a representation and warranty by the Borrower on the date thereof as to the matters specified in paragraphs (a), (b), (c) and (d) of this Section.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES

SECTION 4.01. ***Representations and Warranties of the Credit Parties.*** Each of the Borrower and the Guarantor represents and warrants as follows:

(i) Each of the Borrower and the Guarantor is a corporation duly organized, validly existing and, in the case of the Borrower, authorized to transact business under the laws of the State of its incorporation, and, in the case of the Guarantor, in good standing under the laws of the State of its incorporation.

(j) The execution, delivery and performance by each of the Credit Parties of the Credit Documents to which it is a party (i) are within such Credit Party's corporate powers, (ii) have been duly authorized by all necessary corporate action, (iii) do not contravene (A) such Credit Party's charter or by-laws, as the case may be, or (B) any law, rule or regulation, or any material Contractual Obligation or legal restriction, binding on or affecting such Credit Party or any Material Subsidiary, as the case may be, and (iv) do not require the creation of any Lien on the property of such Credit Party or any Material Subsidiary under any Contractual Obligation binding on or affecting such Credit Party or any Material Subsidiary.

(k) No authorization or approval or other action by, and no notice to or filing with, any Governmental Authority or other Person is required for the due execution, delivery and performance by any Credit Party of this Agreement or any other Credit Document to which any of them is a party, except for such as (i) have been obtained or made and that are in full force and effect or (ii) are not presently required under applicable law and have not yet been applied for.

(l) Each Credit Document to which any Credit Party is a party is a legal, valid and binding obligation of such Credit Party, enforceable against such Credit Party in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

(m) The consolidated balance sheet of the Guarantor and its Subsidiaries dated as of December 31, 2012, and the related statements of income and retained earnings of the Guarantor and its Subsidiaries for the fiscal year then ended, copies of which have been made available or furnished to each Lender, fairly present the financial condition of the Guarantor and its Subsidiaries as at such date and the results of the operations of the Guarantor and its Subsidiaries for the period ended on such date, all in accordance with generally accepted accounting principles consistently applied.

(n) Since December 31, 2012, there has been no material adverse change in such condition or operations, or in the business, assets, operations, condition (financial or otherwise) or prospects of any of the Credit Parties or of Columbia.

(o) There is no pending or threatened action, proceeding or investigation affecting such Credit Party before any court, governmental agency or other Governmental Authority or arbitrator that (taking into account the exhaustion of appeals) would have a Material Adverse Effect, or that (i) purports to affect the legality, validity or enforceability of this Agreement or any promissory notes executed pursuant hereto, or (ii) seeks to prohibit the ownership or operation, by any Credit Party or any of their respective Material Subsidiaries, of all or a material portion of their respective businesses or assets.

(p) The Guarantor and its Subsidiaries, taken as a whole, do not hold or carry Margin Stock having an aggregate value in excess of 10% of the value of their consolidated assets, and no part of the proceeds of any Loan or Letter of Credit hereunder will be used to buy or carry any Margin Stock.

(q) No ERISA Event has occurred, or is reasonably expected to occur, with respect to any Plan that could reasonably be expected to have a Material Adverse Effect.

(r) Schedule B (Actuarial Information) to the 2011 Annual report (Form 5500 Series) for each Plan, copies of which have been filed with the Internal Revenue Service and made available or furnished to each Lender, is complete and accurate and fairly presents the funding status of such Plan, and since the date of such Schedule B there has been no adverse change in such funding status which may reasonably be expected to have a Material Adverse Effect.

(s) Neither the Guarantor nor any ERISA Affiliate has incurred or is reasonably expected to incur any Withdrawal Liability to any Multiemployer Plan which may reasonably be expected to have a Material Adverse Effect.

(t) Neither the Guarantor nor any ERISA Affiliate has been notified by the sponsor of a Multiemployer Plan that such Multiemployer Plan is in reorganization or has been terminated, within the meaning of Title VI of ERISA, and no Multiemployer Plan is reasonably expected to be in reorganization or to be terminated, within the meaning of Title IV of ERISA, in either such case, that could reasonably be expected to have a Material Adverse Effect.

(u) No Credit Party is an "investment company", or a company "controlled" by an "investment company", within the meaning of the Investment Company Act of 1940, as amended.

(v) Each Credit Party has filed all tax returns (Federal, state and local) required to be filed by it and has paid or caused to be paid all taxes due for the periods covered thereby, including interest and penalties, except for any such taxes, interest or penalties which are being contested in good faith and by proper proceedings and in respect of which such Credit Party has set aside adequate reserves for the payment thereof in accordance with GAAP.

(w) Each Credit Party and its Subsidiaries are and have been in compliance with all laws (including, without limitation, all Environmental Laws), except to the extent that any failure to be in compliance, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

(x) No Subsidiary of any Credit Party is party to, or otherwise bound by, any agreement that prohibits such Subsidiary from making any payments, directly or indirectly, to such Credit Party, by way of dividends, advances, repayment of loans or advances, reimbursements of management or other intercompany charges, expenses and accruals or other returns on investment, or any other agreement that restricts the ability of such Subsidiary to make any payment, directly or indirectly, to such Credit Party, other than prohibitions and restrictions permitted to exist under Section 6.01(e).

(y) The information, exhibits and reports furnished by the Guarantor or any of its Subsidiaries to the Administrative Agent or to any Lender in connection with the negotiation of, or compliance with, the Credit Documents, taken as a whole, do not contain any material misstatement of fact and do not omit to state a material fact or any fact necessary to make the statements contained therein not misleading in light of the circumstances made.

(z) Neither the Guarantor nor the Borrower, nor any of its respective directors or officers, nor, to the knowledge of the Guarantor or Borrower, any brokers or other agents acting or benefiting in any capacity in connection with the Extensions of Credit, or any of its respective parents, subsidiaries, or affiliates is a Designated Person.

(aa) Neither the Guarantor nor the Borrower nor any of its Subsidiaries nor, to the knowledge of the Guarantor or Borrower (or its Subsidiaries), any director, officer, agent or employee of such Persons are aware of or has taken any action, directly or indirectly, that violates the FCPA or any other applicable anti-corruption laws, including making use of the mails or any means or instrumentality of interstate commerce corruptly in furtherance of an offer, payment, promise to pay or authorization or approval of the payment of any money, or other property, gift, promise to give or authorization of the giving of anything of value, directly or indirectly, to any "foreign official" (as such term is defined in the FCPA) or any foreign political party or official thereof or any candidate for foreign political office in contravention of the FCPA or any other applicable anti-corruption laws. The Guarantor and the Borrower and their respective Subsidiaries have conducted their businesses in compliance with applicable anti-corruption laws and the FCPA and will maintain policies and procedures designed to promote and achieve compliance with such laws and with the representation and warranty contained herein.

ARTICLE V
AFFIRMATIVE COVENANTS

SECTION 5.01. ***Affirmative Covenants.*** So long as any Lender shall have any Commitment hereunder or any principal of any Loan, Unreimbursed LC Disbursement, interest or fees payable hereunder shall remain unpaid or any Letter of Credit shall remain outstanding, each of the Credit Parties will, unless the Required Lenders shall otherwise consent in writing:

(i) ***Compliance with Laws, Etc.*** Comply, and cause each of its Subsidiaries to comply, in all material respects with all applicable laws, rules, regulations and orders (including, without limitation, any of the foregoing relating to employee health and safety or public utilities and all Environmental Laws), unless the failure to so comply could not reasonably be expected to have a Material Adverse Effect.

(j) ***Maintenance of Properties, Etc.*** Maintain and preserve, and cause each Material Subsidiary to maintain and preserve, all of its material properties which are used in the conduct of its business in good working order and condition, ordinary wear and tear excepted, if the failure to do so could reasonably be expected to have a Material Adverse Effect.

(k) ***Payment of Taxes, Etc.*** Pay and discharge, and cause each of its Subsidiaries to pay and discharge, before the same shall become delinquent, (i) all taxes, assessments and governmental charges or levies imposed upon it or upon its property, and (ii) all legal claims which, if unpaid, might by law become a lien upon its property; *provided, however*, that neither any Credit Party nor any of its Subsidiaries shall be required to pay or discharge any such tax, assessment, charge or claim which is being contested in good faith and by proper proceedings and as to which appropriate reserves are being maintained.

(l) ***Maintenance of Insurance*** . Maintain, and cause each of its Subsidiaries to maintain, insurance with responsible and reputable insurance companies or associations in such amounts and covering such risks as is usually obtained by companies engaged in similar businesses of comparable size and financial strength and owning similar properties in the same general areas in which such Credit Party or such Subsidiary operates, or, to the extent such Credit Party or Subsidiary deems it reasonably prudent to do so, through its own program of self-insurance.

(m) ***Preservation of Corporate Existence, Etc.*** Preserve and maintain, and cause each Material Subsidiary to preserve and maintain, its corporate existence, rights (charter and statutory) and franchises, except as otherwise permitted under this Agreement; *provided that* that no such Person shall be required to preserve any right or franchise with respect to which the Board of Directors of such Person has determined that the preservation thereof is no longer desirable in the conduct of the business of such Person and that the loss thereof is not disadvantageous in any material respect to any Credit Party or the Lenders.

(n) ***Visitation Rights*** . At any reasonable time and from time to time, permit the Administrative Agent or any the Lenders or any agents or representatives thereof, on not less than five Business Days' notice (which notice shall be required only so long as no Default shall be occurred and be continuing), to examine and make copies of and abstracts from the records and books of account of, and visit the properties of, such Credit Party or any of its Subsidiaries, and to discuss the affairs, finances and accounts of the Credit Parties and their respective Subsidiaries with any of their respective officers and with their independent certified public accountants; subject, however, in all cases to the imposition of such conditions as the affected Credit Party or Subsidiary shall deem necessary based on reasonable considerations of safety and security and provided that so long as no Default or Event of Default shall have occurred and be continuing, each Lender will be limited to one visit each year.

(o) ***Keeping of Books*** . (i) Keep, and cause each of its Subsidiaries to keep, proper books of record and account, in which full and correct entries shall be made of all material financial transactions and the assets and business of each of the Credit Parties and each of their respective Subsidiaries, and (ii) maintain, and cause each of its Subsidiaries to maintain, a system of accounting established and administered in accordance with generally accepted accounting principles consistently applied.

(p) ***Reporting Requirements*** . Deliver to the Administrative Agent for distribution to the Lenders:

(i) as soon as available and in any event within 60 days after the end of each of the first three quarters of each fiscal year of the Guarantor (or, if earlier, concurrently with the filing thereof with the Securities and Exchange Commission or any national securities exchange in accordance with applicable law or regulation), balance sheets and cash flow statements of the Guarantor and its Consolidated Subsidiaries in comparative form as of the end of such quarter and statements of income and retained earnings of the Guarantor and its Consolidated Subsidiaries for the period commencing at the end of the previous fiscal year of the Guarantor and ending with the end of such quarter, each prepared in accordance with generally accepted accounting principles consistently applied, subject to normal year-end audit adjustments, certified by the chief financial officer of the Guarantor.

(ii) as soon as available and in any event within 90 days after the end of each fiscal year of the Guarantor (or, if earlier, concurrently with the filing thereof with the Securities and Exchange Commission or any national securities exchange in accordance with applicable law or regulation), a copy of the audit report for such year for the Guarantor and its Consolidated Subsidiaries containing balance sheets and cash flow statements of the Guarantor and its Consolidated Subsidiaries and statements of income and retained earnings of the Guarantor and its Consolidated Subsidiaries for such year prepared in accordance with generally accepted accounting principles consistently applied as reported on by independent certified public accountants of recognized national standing acceptable to the Required Lenders, which audit was conducted by such accounting firm in accordance with generally accepted auditing standards;

(iii) concurrently with the delivery of financial statements pursuant to clauses (i) and (ii) above or the notice relating thereto contemplated by the final sentence of this Section 5.01(h), a certificate of a senior financial officer of each of the Guarantor and the Borrower (A) to the effect that no Default or Event of Default has occurred and is continuing (or, if any Default or Event of Default has occurred and is continuing, describing the same in reasonable detail and describing the action that the Guarantor or the Borrower, as the case may be, has taken and proposes to take with respect thereto), and (B) in the case of the certificate relating to the Guarantor, setting forth calculations, in reasonable detail, establishing Borrower's compliance, as at the end of such fiscal quarter, with the financial covenant contained in Article VII;

(iv) as soon as possible and in any event within five days after the occurrence of each Default or Event of Default continuing on the date of such statement, a statement of the chief financial officer of the Borrower setting forth details of such Event of Default or event and the action which the Borrower has taken and proposes to take with respect thereto;

(v) promptly after the sending or filing thereof, copies of all reports which the Guarantor sends to its stockholders, and copies of all reports and registration statements (other than registration statements filed on Form S-8) that the Guarantor, the Borrower or any Subsidiary of the Guarantor or the Borrower, files with the Securities and Exchange Commission;

(vi) promptly and in any event within 10 days after the Guarantor knows or has reason to know that any material ERISA Event has occurred, a statement of the chief financial officer of the Borrower describing such ERISA Event and the action, if any, which the Guarantor or any affected ERISA Affiliate proposes to take with respect thereto;

(vii) promptly and in any event within two Business Days after receipt thereof by the Guarantor (or knowledge being obtained by the Guarantor of the receipt thereof by any ERISA Affiliate), copies of each notice from the PBGC stating its intention to terminate any Plan or to have a trustee appointed to administer any Plan;

(viii) promptly and in any event within five Business Days after receipt thereof by the Guarantor (or knowledge being obtained by the Guarantor of the receipt thereof by any ERISA Affiliate) from the sponsor of a Multiemployer Plan, a copy of each notice received by the Guarantor or any ERISA Affiliate concerning (A) the imposition of material Withdrawal Liability by a Multiemployer Plan, (B) the reorganization or termination, within the meaning of Title IV of ERISA, of any Multiemployer Plan or (C) the amount of liability incurred, or which may be incurred, by the Guarantor or any ERISA Affiliate in connection with any event described in clause (A) or (B) above;

(ix) promptly after the Guarantor has knowledge of the commencement thereof, notice of any actions, suits and proceedings before any court or governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, affecting the Guarantor or any Material Subsidiary of the type described in Section 4.01(g);

(x) promptly after the Guarantor or the Borrower knows of any change in the rating of the Index Debt by S&P or Moody's, a notice of such changed rating; and

(xi) such other information respecting the condition or operations, financial or otherwise, of the Guarantor or any of its Subsidiaries as any Lender through the Administrative Agent may from time to time reasonably request.

Notwithstanding the foregoing, the Credit Parties' obligations to deliver the documents or information required under any of clauses (i), (ii) and (v) above shall be deemed to be satisfied upon (x) the relevant documents or information being publicly available on the Guarantor's website or other publicly available electronic medium (such as EDGAR) within the time period required by such clause, and (y) the delivery by the Guarantor or the Borrower of notice to the Administrative Agent and the Lenders, within the time period required by such clause, that such documents or information are so available.

(q) ***Use of Proceeds*** . Use the proceeds of the Loans and the Letters of Credit hereunder for working capital and other general corporate purposes, including refinancing of existing indebtedness.

(r) ***Ratings*** . At all times maintain ratings by both Moody's and S&P with respect to the Index Debt.

ARTICLE VI
NEGATIVE COVENANTS

SECTION 6.01. ***Negative Covenants.*** So long as any Lender shall have any Commitment hereunder or any principal of any Loan, Unreimbursed LC Disbursement, interest or fees payable hereunder shall remain unpaid or any Letter of Credit shall remain outstanding, no Credit Party will, without the written consent of the Required Lenders:

(c) ***Limitation on Liens*** . Create or suffer to exist, or permit any of its Subsidiaries (other than a Utility Subsidiary) to create or suffer to exist, any lien, security interest, or other charge or encumbrance (collectively, " ***Liens*** ") upon or with respect to any of its properties, whether now owned or hereafter acquired, or collaterally assign for security purposes, or permit any of its Subsidiaries (other than a Utility Subsidiary) to so assign any right to receive income in each case to secure or provide for or guarantee the payment of Debt for Borrowed Money of any Person, without in any such case effectively securing, prior to or concurrently with the creation, issuance, assumption or guaranty of any such Debt for Borrowed Money, the Obligations (together with, if the Guarantor shall so determine, any other Debt for Borrowed Money of or guaranteed by the Guarantor or any of its Subsidiaries ranking equally with the Loans and Unreimbursed LC Disbursements and then existing or thereafter created) equally and ratably with (or prior to) such Debt for Borrowed Money; *provided, however,* that the foregoing restrictions shall not apply to or prevent the creation or existence of:

(i) (A) Liens on any property acquired, constructed or improved by the Guarantor or any of its Subsidiaries (other than a Utility Subsidiary) after the date of this Agreement that are created or assumed prior to, contemporaneously with, or within 180 days after, such acquisition or completion of such construction or improvement, to secure or provide for the payment of all or any part of the purchase price of such property or the cost of such construction or improvement; or (B) in addition to Liens contemplated by clauses (ii) and (iii) below, Liens on any property existing at the time of acquisition thereof, provided that the Liens shall not apply to any property theretofore owned by the Guarantor or any such Subsidiary other than, in the case of any such construction or improvement, (1) unimproved real property on which the property so constructed or the improvement is located, (2) other property (or improvements thereon) that is an improvement to or is acquired or constructed for specific use with such acquired or constructed property (or improvement thereof), and (3) any rights and interests (A) under any agreements or other documents relating to, or (B) appurtenant to, the property being so constructed or improved or such other property;

(ii) existing Liens on any property or indebtedness of a corporation that is merged with or into or consolidated with any Credit Party or any of its Subsidiaries; *provided* that such Lien was not created in contemplation of such merger or consolidation;

(iii) Liens on any property or indebtedness of a corporation existing at the time such corporation becomes a Subsidiary of any Credit Party; *provided* that such Lien was not created in contemplation of such occurrence;

(iv) Liens to secure Debt for Borrowed Money of a Subsidiary of a Credit Party to a Credit Party or to another Subsidiary of the Guarantor;

(v) Liens in favor of the United States of America, any State, any foreign country or any department, agency or instrumentality or political subdivision of any such jurisdiction, to secure partial, progress, advance or other payments pursuant to any contract or statute or to secure any Debt for Borrowed Money incurred for the purpose of financing all or any part of the purchase price of the cost of constructing or improving the property subject to such Liens, including, without limitation, Liens to secure Debt for Borrowed Money of the pollution control or industrial revenue bond type;

(vi) Liens on any property (including any natural gas, oil or other mineral property) to secure all or part of the cost of exploration, drilling or development thereof or to secure Debt for Borrowed Money incurred to provide funds for any such purpose;

(vii) Liens existing on the date of this Agreement;

(viii) Liens for the sole purposes of extending, renewing or replacing in whole or in part Debt for Borrowed Money secured by any Lien referred to in the foregoing clauses (i) through (vii), inclusive, or this clause (viii); *provided, however*, that the principal amount of Debt for Borrowed Money secured thereby shall not exceed the principal amount of Debt for Borrowed Money so secured at the time of such extension, renewal or replacement (which, for purposes of this limitation as it applies to a synthetic lease, shall be deemed to be (x) the lessor's original cost of the property subject to such lease at the time of extension, renewal or replacement, *less* (y) the aggregate amount of all prior payments under such lease allocated pursuant to the terms of such lease to reduce the principal amount of the lessor's investment, and borrowings by the lessor, made to fund the original cost of the property), and that such extension, renewal or replacement shall be limited to all or a part of the property or indebtedness which secured the Lien so extended, renewed or replaced (plus improvements on such property);

(ix) Liens on any property or assets of a Project Financing Subsidiary, or on any Capital Stock in a Project Financing Subsidiary, in either such case, that secure only a Project Financing or a Contingent Guaranty that supports a Project Financing; or

(x) Any Lien, other than a Lien described in any of the foregoing clauses (i) through (ix), inclusive, to the extent that it secures Debt for Borrowed Money, or guaranties thereof, the outstanding principal balance of which at the time of creation of such Lien, when added to the aggregate principal balance of all Debt for Borrowed Money secured by Liens incurred under this clause (x) then outstanding, does not exceed $150,000,000.

If at any time any Credit Party or any of its Subsidiaries shall create, issue, assume or guaranty any Debt for Borrowed Money secured by any Lien and the first paragraph of this Section 6.01(a) requires that the Loans be secured equally and ratably with such Debt for Borrowed Money, the Borrower shall promptly deliver to the Administrative Agent and each Lender:

(1) a certificate of a duly authorized officer of the Borrower stating that the covenant contained in the first paragraph of this Section 6.01(a) has been complied with; and

(2) an opinion of counsel acceptable to the Required Lenders to the effect that such covenant has been complied with and that all documents executed by any Credit Party or any of its Subsidiaries in the performance of such covenant comply with the requirements of such covenant.

(d) ***Mergers, Etc.*** Merge or consolidate with or into, or, except in a transaction permitted under paragraph (e) of this Section, convey, transfer, lease or otherwise dispose of (whether in one transaction or in a series of transactions) all or substantially all of its assets (whether now owned or hereafter acquired) to any Person, or permit any of its Subsidiaries to do so, except that:

(viii) any Subsidiary of the Guarantor (other than the Borrower) may merge or consolidate with or transfer assets to or acquire assets from any other Subsidiary of the Guarantor, *provided* that in the case of any such merger, consolidation, or transfer of assets to which NIPSCO or Columbia is a party, the continuing or surviving Person shall be a Wholly-Owned Subsidiary of the Guarantor; and

(ix) the Borrower may merge or consolidate with, or transfer assets to, or acquire assets from, any other Wholly-Owned Subsidiary of the Guarantor, provided that in the case of any such merger or consolidation to which the Borrower is not the surviving Person, or transfer of all or substantially all of the assets of the Borrower to any other Wholly-Owned Subsidiary of the Guarantor, immediately after giving effect thereto, (A) no Event of Default shall have occurred and be continuing (determined, for purposes of compliance with Article VII after giving effect to such transaction, on a pro forma basis as if such transaction had occurred on the last day of the Guarantor's fiscal quarter then most recently ended) and (B) such surviving Person or transferee, as applicable, shall have assumed all of the obligations of the Borrower under and in respect of the Credit Documents by written instrument satisfactory to the Administrative Agent and its counsel in their reasonable discretion, accompanied by such opinions of counsel and other supporting documents as they may reasonably require; and

(x) any Subsidiary of the Guarantor may merge into the Guarantor or the Borrower or transfer assets to the Borrower or the Guarantor, *provided* that in the case of any merger or consolidation of the Borrower into the Guarantor or transfer of all or substantially all of the assets of the Borrower to the Guarantor, immediately after giving effect thereto, (A) no Event of Default shall have occurred and be continuing (determined, for purposes of compliance with Article VII after giving effect to such transaction, on a pro forma basis as if such transaction had occurred on the last day of the Guarantor's fiscal quarter then most recently ended) and (B) the Guarantor shall have assumed all of the obligations of the Borrower under and in respect of the Credit Documents by written instrument satisfactory to the Administrative Agent and its counsel in their reasonable discretion, accompanied by such opinions of counsel and other supporting documents as they may reasonably require; and

(xi) the Guarantor or any Subsidiary of the Guarantor may merge, or consolidate with or transfer all or substantially all of its assets to any other Person; provided that in each case under this clause (iii), immediately after giving effect thereto, (A) no Event of Default shall have occurred and be continuing (determined, for purposes of compliance with Article VII after giving effect to such transaction, on a pro forma basis as if such transaction had occurred on the last day of the Guarantor's fiscal quarter then most recently ended); (B) in the case of any such merger, consolidation or transfer of assets to which the Borrower is a party, the Borrower shall be the continuing or surviving corporation; (C) in the case of any such merger, consolidation, or transfer of assets to which NIPSCO or Columbia is a party, NIPSCO or Columbia, as the case may be, shall be the continuing or surviving corporation and shall be a Wholly-Owned Subsidiary of the Guarantor; (D) in the case of any such merger, consolidation or transfer of assets to which the Guarantor is a party, the Guarantor shall be the continuing or surviving corporation; and (E) the Index Debt shall be rated at least BBB- by S&P and at least Baa3 by Moody's.

(e) ***Sales, Etc. of Assets*** . Sell, lease, transfer or otherwise dispose of, or permit any of their respective Subsidiaries to sell, lease, transfer or otherwise dispose of (other than in connection with a transaction authorized by paragraph (b) of this Section) any substantial part of its assets; *provided* that the foregoing shall not prohibit any such sale, conveyance, lease, transfer or other disposition that (i) constitutes realization on a Lien permitted to exist under Section 6.01(a); or (ii) (A) (1) is for a price not materially less than the fair market value of such assets, (2) would not materially impair the ability of any Credit Party to perform its obligations under this Agreement and (3) together with all other such sales, conveyances, leases, transfers and other dispositions, would have no Material Adverse Effect, or (B) would not result in the sale, lease, transfer or other disposition, in the aggregate, of more than 10% of the consolidated total assets of the Guarantor and its Subsidiaries, determined in accordance with GAAP, on December 31, 2012.

(f) ***Compliance with ERISA*** . (i) Terminate, or permit any ERISA Affiliate to terminate, any Plan so as to result in a Material Adverse Effect or (ii) permit to exist any occurrence of any Reportable Event (as defined in Title IV of ERISA), or any other event or condition, that presents a material (in the reasonable opinion of the Required Lenders) risk of such a termination by the PBGC of any Plan, if such termination could reasonably be expected to have a Material Adverse Effect.

(g) ***Certain Restrictions*** . Permit any of its Subsidiaries (other than, in the case of the Guarantor, the Borrower) to enter into or permit to exist any agreement that by its terms prohibits such Subsidiary from making any payments, directly or indirectly, to such Credit Party by way of dividends, advances, repayment of loans or advances, reimbursements of management or other intercompany charges, expenses and accruals or other returns on investment, or any other agreement that restricts the ability of such Subsidiary to make any payment, directly or indirectly, to such Credit Party; *provided* that the foregoing shall not apply to prohibitions and restrictions (i) imposed by applicable law, (ii) (A) imposed under an agreement in existence on the date of this Agreement, and (B) described on Schedule 6.01(e), (iii) existing with respect to a Subsidiary on the date it becomes a Subsidiary that are not created in contemplation thereof (but shall apply to any extension or renewal of, or any amendment or modification expanding the scope of, any such prohibition or restriction), (iv) contained in agreements relating to the sale of a Subsidiary pending such sale, *provided* that such prohibitions or restrictions apply only to the Subsidiary that is to be sold and such sale is permitted hereunder, (v) imposed on a Project Financing Subsidiary in connection with a Project Financing, or (vi) that could not reasonably be expected to have a Material Adverse Effect.

(h) ***Sanction Laws and Regulations.*** Use, directly or indirectly, any proceeds of Extensions of Credit, or lend, contribute or otherwise make available such proceeds to any Subsidiary, joint venture partner or other person or entity (i) to fund any activities or business of or with any Designated Person, or in any country or territory, that at the time of such funding is the subject of any sanctions under any Sanctions Laws and Regulations, or (ii) in any other manner that would result in a violation of any Sanctions Laws and Regulations by any party to this Agreement.

ARTICLE VII
FINANCIAL COVENANT

So long as any Lender shall have any Commitment hereunder or any principal of any Loan, Unreimbursed LC Disbursement, interest or fees payable hereunder shall remain unpaid or any Letter of Credit shall remain outstanding, the Guarantor shall maintain a Debt to Capitalization Ratio of not more than 0.70 to 1.00.

ARTICLE VIII
EVENTS OF DEFAULT

SECTION 8.01. ***Events of Default.*** If any of the following events ("***Events of Default***") shall occur and be continuing:

(a) The Borrower shall fail to pay any principal of any Loan or Unreimbursed LC Disbursement when the same becomes due and payable or shall fail to pay any interest, fees or other amounts hereunder within three Business Days after when the same becomes due and payable; or

(b) Any representation or warranty made by any Credit Party in any Credit Document or by any Credit Party (or any of its officers) in connection with this Agreement shall prove to have been incorrect in any material respect (or any such representation or warranty that was otherwise qualified by materiality shall prove to have been false or misleading in any respect) when made; or

(c) Any Credit Party shall fail to perform or observe any term, covenant or agreement contained in Section 5.01(e), 5.01(f), 5.01(h), 5.01(i), 6.01 or Article VII; or

(d) Any Credit Party shall fail to perform or observe any term, covenant or agreement contained in any Credit Document on its part to be performed or observed (other than one identified in paragraph (a), (b) or (c) above) if the failure to perform or observe such other term, covenant or agreement shall remain unremedied for thirty days after written notice thereof shall have been given to the Borrower by the Administrative Agent or any Lender; or

(e) The Guarantor, the Borrower or any of their respective Subsidiaries shall fail to pay any principal of or premium or interest on any Indebtedness (excluding Non-Recourse Debt) which is outstanding in a principal amount of at least $50,000,000 in the aggregate (but excluding the Loans) of the Guarantor, the Borrower or such Subsidiary, as the case may be, when the same becomes due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise), and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such Indebtedness; or any other event shall occur or condition shall exist under any agreement or instrument relating to any such Indebtedness and shall continue after the applicable grace period, if any, specified in such agreement or instrument, if the effect of such event or condition is to accelerate, or to permit the acceleration of, the scheduled maturity of such Indebtedness; or any such Indebtedness shall be declared to be due and payable, or required to be prepaid (other than by a regularly scheduled required prepayment), prior to the stated maturity thereof; or

(f) Any Credit Party shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors; or any proceeding *shall be instituted by or against any Credit Party seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation,* winding up, reorganization, arrangement, adjustment, protection, relief, or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its property and, in the case of any such proceeding instituted against any Credit Party (but not instituted by any Credit Party), either such proceeding shall remain undismissed or unstayed for a period of 60 days, or any of the actions sought in such proceeding (including, without limitation, the entry of an order for relief against, or the appointment of a receiver, trustee, custodian or other similar official for, any Credit Party or for any substantial part of its property) shall occur; or any Credit Party shall take any corporate action to authorize any of the actions set forth above in this paragraph (f); or

(g) One or more Subsidiaries of the Guarantor (other than the Borrower) in which the aggregate sum of (i) the amounts invested by the Guarantor and its other Subsidiaries in the aggregate, by way of purchases of Capital Stock, Capital Leases, loans or otherwise, and (ii) the amount of recourse, whether contractual or as a matter of law (but excluding Non-Recourse Debt), available to creditors of such Subsidiary or Subsidiaries against the Guarantor or any of its other Subsidiaries, is $100,000,000 or more (collectively, "***Substantial Subsidiaries***") shall generally not pay their respective debts as such debts become due, or shall admit in writing their respective inability to pay their debts generally, or shall make a general assignment for the benefit of creditors; or any proceeding shall be instituted by or against Substantial Subsidiaries seeking to adjudicate them bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of them or their respective debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for them or for any substantial part of their respective property and, in the case of any such proceeding instituted against Substantial Subsidiaries (but not instituted by the Guarantor or any Subsidiary of the Guarantor), either such proceeding shall remain undismissed or unstayed for a period of 60 days, or any of the actions sought in such proceeding (including, without limitation, the entry of an order for relief against, or the appointment of a receiver, trustee, custodian or other similar official for, the Substantial Subsidiaries or for any substantial part of their respective property) shall occur; or Substantial Subsidiaries shall take any corporate action to authorize any of the actions set forth above in this paragraph (g); or

(h) Any judgment or order for the payment of money in excess of $50,000,000 shall be rendered against the Borrower, the Guarantor or any of its other Subsidiaries and either (i) enforcement proceedings shall have been commenced by any creditor upon such judgment or order or (ii) there shall be any period of 30 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; or

(i) Any ERISA Event shall have occurred with respect to a Plan and, 30 days after notice thereof shall have been given to the Guarantor or the Borrower by the Administrative Agent, (i) such ERISA Event shall still exist and (ii) the sum (determined as of the date of occurrence of such ERISA Event) of the Insufficiency of such Plan and the Insufficiency of any and all other Plans with respect to which an ERISA Event shall have occurred and then exist (or, in the case of a Plan with respect to which an ERISA Event described in clauses (c) through (f) of the definition of ERISA Event shall have occurred and then exist, the liability related thereto) is equal to or greater than $10,000,000 (when aggregated with paragraphs (j), (k) and (l) of this Section), and a Material Adverse Effect could reasonably be expected to occur as a result thereof; or

(j) The Guarantor or any ERISA Affiliate shall have been notified by the sponsor of a Multiemployer Plan that it has incurred Withdrawal Liability to such Multiemployer Plan in an amount which, when aggregated with all other amounts required to be paid to Multiemployer Plans by the Guarantor and its ERISA Affiliates as Withdrawal Liability (determined as of the date of such notification), exceeds $10,000,000 or requires payments exceeding $10,000,000 *per annum* (in either case, when aggregated with paragraphs (i), (k) and (l) of this Section), and a Material Adverse Effect could reasonably be expected to occur as a result thereof; or

(k) The Guarantor or any ERISA Affiliate shall have been notified by the sponsor of a Multiemployer Plan that such Multiemployer Plan is in reorganization or is being terminated, within the meaning of Title IV of ERISA, if as a result of such reorganization or termination the aggregate annual contributions of the Guarantor and its ERISA Affiliates to all Multiemployer Plans which are then in reorganization or being terminated have been or will be increased over the amounts contributed to such Multiemployer Plans for the respective plan year of each such Multiemployer Plan immediately preceding the plan year in which the reorganization or termination occurs by an amount exceeding $10,000,000 (when aggregated with paragraphs (i), (j) and (l) of this Section), and a Material Adverse Effect could reasonably be expected to occur as a result thereof; or

(l) The Guarantor or any ERISA Affiliate shall have committed a failure described in Section 303(k)(1) of ERISA and the amount determined under Section 303(k)(3) of ERISA is equal to or greater than $10,000,000 (when aggregated with paragraphs (i), (j) and (k) of this Section), and a Material Adverse Effect could reasonably be expected to occur as a result thereof; or

(m) Any provision of the Credit Documents shall be held by a court of competent jurisdiction to be invalid or unenforceable against any Credit Party purported to be bound thereby, or any Credit Party shall so assert in writing; or

(n) Any Change of Control shall occur;

then, and in any such event, the Administrative Agent (i) shall at the request, or may with the consent, of the Required Lenders, by notice to the Borrower, declare the Commitment of each Lender, the obligation of the Swingline Lender to make or maintain Swingline Loans and the obligation of each LC Bank to issue or maintain Letters of Credit hereunder to be terminated, whereupon the same shall forthwith terminate, and (ii) shall at the request or with the consent of the Required Lenders, by notice to the Borrower, declare all amounts payable under this Agreement to be forthwith due and payable, whereupon all such amounts shall become and be forthwith due and payable, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the Borrower; *provided* that in the event of an actual or deemed entry of an order for relief with respect to any Credit Party under the Federal Bankruptcy Code, (1) the Commitment of each Lender, the obligation of the Swingline Lender to make or maintain Swingline Loans and the obligation of each LC Bank to issue or maintain Letters of Credit hereunder shall automatically be terminated and (2) all such amounts shall automatically become and be due and payable, without presentment, demand, protest or any notice of any kind, all of which are hereby expressly waived by the Borrower.

Notwithstanding anything to the contrary contained herein, no notice given or declaration made by the Administrative Agent pursuant to this Section 8.01 shall affect (i) the obligation of any LC Bank to make any payment under any outstanding Letter of Credit issued by such LC Bank in accordance with the terms of such Letter of Credit, (ii) the obligations of each Lender in respect of each such Letter of Credit or (iii) the obligation of each Lender to purchase its pro rata share of any Swingline Loans; *provided, however* , that upon the occurrence and during the continuance of any Event of Default, the Administrative Agent shall at the request, or may with the consent, of the Required Lenders, upon notice to the Borrower, require the Borrower to deposit with the Administrative Agent an amount in the cash account (the ***"Cash Account"***) described below equal to the then current LC Outstandings. Such Cash Account shall at all times be free and clear of all rights or claims of third parties. The Cash Account shall be maintained with the Administrative Agent in the name of, and under the sole dominion and control of, the Administrative Agent, and amounts deposited in the Cash Account shall bear interest at a rate equal to the rate generally offered by Barclays for deposits equal to the amount deposited by the Borrower in the Cash Account pursuant to this Section 8.01, for a term to be agreed to between the Borrower and the Administrative Agent. If any drawings under any Letter of Credit then outstanding or thereafter made are not reimbursed in full immediately upon demand or, in the case of subsequent drawings, upon being made, then, in any such event, the Administrative Agent may apply the amounts then on deposit in the Cash Account, in such priority as the Administrative Agent shall elect, toward the payment in full of any or all of the Borrower's obligations hereunder as and when such obligations shall become due and payable. Upon payment in full, after the termination of the Letters of Credit, of all such obligations, the Administrative Agent will repay to the Borrower any cash then on deposit in the Cash Account.

ARTICLE IX
THE ADMINISTRATIVE AGENT

SECTION 9.01. The Administrative Agent.

(c) Each of the Lenders and each LC Bank hereby irrevocably appoints the Administrative Agent as its agent and authorizes the Administrative Agent to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent by the terms hereof, together with such actions and powers as are reasonably incidental thereto.

(d) The Person serving as the Administrative Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Administrative Agent, and such bank and its Affiliates may accept deposits from, lend money to and generally engage in any kind of business with the any Credit Party or any of such Credit Party's Subsidiaries or other Affiliates thereof as if it were not the Administrative Agent hereunder.

(e) The Administrative Agent shall not have any duties or obligations except those expressly set forth herein. Without limiting the generality of the foregoing, (i) the Administrative Agent shall not be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing, (ii) the Administrative Agent shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby that the Administrative Agent is required to exercise in writing by the Required Lenders, and (iii) except as expressly set forth herein, the Administrative Agent shall not have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Borrower, the Guarantor or any of its other Subsidiaries that is communicated to or obtained by the bank serving as Administrative Agent or any of its Affiliates in any capacity. The Administrative Agent shall not be liable for any action taken or not taken by it with the consent or at the request of the Required Lenders (or, if applicable, all of the Lenders) or in the absence of its own gross negligence or willful misconduct. The Administrative Agent shall be deemed not to have knowledge of any Default unless and until written notice thereof is given to the Administrative Agent by the Borrower or a Lender, and the Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (1) any statement, warranty or representation made in or in connection with this Agreement, (2) the contents of any certificate, report or other document delivered hereunder or in connection herewith, (3) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein, (4) the validity, enforceability, effectiveness or genuineness of this Agreement or any other agreement, instrument or document, or (5) the satisfaction of any condition set forth in Article III or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent and the conformity thereof to such express requirement.

(f) The Administrative Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing believed by it to be genuine and to have been signed or sent by the proper Person. The Administrative Agent also may rely upon any statement made to it orally or by telephone and believed by it to be made by the proper Person, and shall not incur any liability for relying thereon. The Administrative Agent may consult with legal counsel (who may be counsel for a Credit Party) independent accountants and other experts selected by it and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

(g) The Administrative Agent may perform any and all its duties and exercise its rights and powers by or through any one or more sub-agents appointed by the Administrative Agent. The Administrative Agent and any such sub-agent may perform any and all its duties and exercise its rights and powers through their respective Related Parties. The exculpatory provisions of the preceding paragraphs shall apply to any such sub-agent and to the Related Parties of the Administrative Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as Administrative Agent.

(h) Subject to the appointment and acceptance of a successor Administrative Agent as provided in this paragraph, the Administrative Agent may resign at any time by notifying the Lenders and the Credit Parties. Upon any such resignation, the Required Lenders shall have the right, with the consent of the Borrower (which consent shall not unreasonably be withheld), to appoint a successor, *provided* that no such consent of the Borrower shall be required if an Event of Default has occurred and is continuing. If no successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days after the retiring Administrative Agent gives notice of its resignation, then the retiring Administrative Agent may, on behalf of the Lenders, appoint a successor Administrative Agent which shall be a bank with an office in New York, New York, or an Affiliate of any such bank, in any event having total assets in excess of $500,000,000 and who shall serve until such time, if any, as an Agent shall have been appointed as provided above. Upon the acceptance of its appointment as Administrative Agent hereunder by a successor, such successor shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent, and the retiring Administrative Agent shall be discharged from its duties and obligations hereunder. The fees payable by the Borrower to a successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrower and such successor. After the Administrative Agent's resignation hereunder, the provisions of this Article and Section 11.03 shall continue in effect for its benefit in respect of any actions taken or omitted to be taken by it while it was acting as Administrative Agent.

(i) Each Lender acknowledges that it has, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any related agreement or any document furnished hereunder or thereunder.

(j) No Lender identified on the signature pages of this Agreement as a "Lead Arranger", "Co-Documentation Agent" or "Syndication Agent", or that is given any other title hereunder other than "LC Bank", "Swingline Lender" or "Administrative Agent", shall have any right, power, obligation, liability, responsibility or duty under this Agreement other than those applicable to all Lenders as such. Without limiting the generality of the foregoing, no Lender so identified as a "Lead Arranger", "Co-Documentation Agent" or "Syndication Agent" or that is given any other title hereunder, shall have, or be deemed to have, any fiduciary relationship with any Lender. Each Lender acknowledges that it has not relied, and will not rely, on the Lenders so identified in deciding to enter into this Agreement or in taking or not taking action hereunder.

(k) Notwithstanding anything to the contrary herein or in any other Credit Document, the authority to enforce rights and remedies hereunder and in the other Credit Documents against the Credit Parties or any of them shall be vested exclusively in, and all actions and proceedings at law in connection with such enforcement shall be instituted and maintained exclusively by, the Administrative Agent in accordance with Section 8.01 for the benefit of all the Lenders and LC Banks; *provided , however* , that the foregoing shall not prohibit (i) the Administrative Agent from exercising on its own behalf the rights and remedies that inure to its benefit (solely in its capacity as Administrative Agent) hereunder and under the other Credit Documents, (ii) the LC Banks or the Swingline Lender from exercising the rights and remedies that inure to its benefit (solely in its capacity as LC Bank or Swingline Lender, as the case may be) hereunder and under the other Credit Documents, (iii) any Lender from exercising setoff rights in accordance with Section 11.08 (subject to the terms of Section 2.18(c)) or (iv) any Lender from filing proofs of claim or appearing and filing pleadings on its own behalf during the pendency of a Bankruptcy Event relative to any Credit Party; and *provided , further* , that if at any time there is no Person acting as Administrative Agent hereunder and under the other Credit Documents, then (A) the Required Lenders shall have the rights otherwise ascribed to the Administrative Agent pursuant to Section 8.01 and (B) in addition to the matters set forth in clauses (ii), (iii) and (iv) of the preceding proviso and subject to Section 2.18 (c), any Lender may, with the consent of the Required Lenders, enforce any rights and remedies available to it and as authorized by the Required Lenders.

ARTICLE X
GUARANTY

SECTION 10.01. ***The Guaranty.***

(d) The Guarantor, as primary obligor and not merely as a surety, hereby irrevocably, absolutely and unconditionally guarantees to the Administrative Agent and the Lenders and each of their respective successors, endorsees, transferees and assigns (each a " ***Beneficiary*** " and collectively, the " ***Beneficiaries*** ") the prompt and complete payment by the Borrower, as and when due and payable, of the Obligations, in accordance with the terms of the Credit Documents. The provisions of this Article X are sometimes referred to hereinafter as the " ***Guaranty*** ".

(e) The Guarantor hereby guarantees that the Obligations will be paid strictly in accordance with the terms of the Credit Documents, regardless of any law now or hereafter in effect in any jurisdiction affecting any such terms or the rights of the Beneficiaries with respect thereto. The obligations and liabilities of the Guarantor under this Guaranty shall be absolute and unconditional irrespective of: (i) any lack of validity or enforceability of any of the Obligations or any Credit Document, or any delay, failure or omission to enforce or agreement not to enforce, or the stay or enjoining, by order of court, by operation of law or otherwise, of the exercise of any right with respect to the foregoing (including, in each case, without limitation, as a result of the insolvency, bankruptcy or reorganization of any Beneficiary, the Borrower or any other Person); (ii) any change in the time, manner or place of payment of, or in any other term in respect of, all or any of the Obligations, or any other amendment or waiver of or consent to any departure from the Credit Documents or any agreement or instrument relating thereto; (iii) any exchange or release of, or non-perfection of any Lien on or in any collateral, or any release, amendment or waiver of, or consent to any departure from, any other guaranty of, or agreement granting security for, all or any of the Obligations; (iv) any claim, set-off, counterclaim, defense or other rights that the Guarantor may have at any time and from time to time against any Beneficiary or any other Person, whether in connection with this Transaction or any unrelated transaction; or (v) any other circumstance that might otherwise constitute a defense available to, or a discharge of, the Borrower or any other guarantor or surety in respect of the Obligations or the Guarantor in respect hereof.

(f) The Guaranty provided for herein (i) is a guaranty of payment and not of collection; (ii) is a continuing guaranty and shall remain in full force and effect until the Commitments and Letters of Credit have been terminated and the Obligations have been paid in full in cash; and (iii) shall continue to be effective or shall be reinstated, as the case may be, if at any time any payment, or any part thereof, of any of the Obligations is rescinded or must otherwise be returned by any Beneficiary upon or as a result of the insolvency, bankruptcy, dissolution, liquidation or reorganization of the Borrower or otherwise, all as though such payment had not been made.

(g) The obligations and liabilities of the Guarantor hereunder shall not be conditioned or contingent upon the pursuit by any Beneficiary or any other Person at any time of any right or remedy against the Borrower or any other Person that may be or become liable in respect of all or any part of the Obligations or against any collateral security or guaranty therefor or right of setoff with respect thereto.

(h) The Guarantor hereby consents that, without the necessity of any reservation of rights against the Guarantor and without notice to or further assent by the Guarantor, any demand for payment of any of the Obligations made by any Beneficiary may be rescinded by such Beneficiary and any of the Obligations continued after such rescission.

(i) The Guarantor's obligations under this Guaranty shall be unconditional, irrespective of any lack of capacity of the Borrower or any lack of validity or enforceability of any other provision of this Agreement or any other Credit Document, and this Guaranty shall not be affected in any way by any variation, extension, waiver, compromise or release of any or all of the Obligations or of any security or guaranty from time to time therefor.

(j) The obligations of the Guarantor under this Guaranty shall not be reduced, limited, impaired, discharged, deferred, suspended or terminated by any proceeding or action, voluntary or involuntary, involving the bankruptcy, insolvency, receivership, reorganization, marshalling of assets, assignment for the benefit of creditors, composition with creditors, readjustment, liquidation or arrangement of the Borrower or any similar proceedings or actions, or by any defense the Borrower may have by reason of the order, decree or decision of any court or administrative body resulting from any such proceeding or action. Without limiting the generality of the foregoing, the Guarantor's liability shall extend to all amounts and obligations that constitute the Obligations and would be owed by the Borrower, but for the fact that they are unenforceable or not allowable due to the existence of any such proceeding or action.

SECTION 10.02. Waivers.

(f) The Guarantor hereby unconditionally waives: (i) promptness and diligence; (ii) notice of or proof of reliance by the Administrative Agent or the Lenders upon this Guaranty or acceptance of this Guaranty; (iii) notice of the incurrence of any Obligation by the Borrower or the renewal, extension or accrual of any Obligation or of any circumstances affecting the Borrower's financial condition or ability to perform the Obligations; (iv) notice of any actions taken by the Beneficiaries or the Borrower or any other Person under any Credit Document or any other agreement or instrument relating thereto; (v) all other notices, demands and protests, and all other formalities of every kind in connection with the enforcement of the Obligations, of the obligations of the Guarantor hereunder or under any other Credit Document, the omission of or delay in which, but for the provisions of this Section 10 might constitute grounds for relieving the Guarantor of its obligations hereunder; (vi) any requirement that the Beneficiaries protect, secure, perfect or insure any Lien or any property subject thereto, or exhaust any right or take any action against the Borrower or any other Person or any collateral; and (vii) each other circumstance, other than payment of the Obligations in full, that might otherwise result in a discharge or exoneration of, or constitute a defense to, the Guarantor's obligations hereunder.

(g) No failure on the part of any Beneficiary to exercise, and no delay in exercising, any right, remedy, power or privilege hereunder or under any Credit Document or any other agreement or instrument relating thereto shall operate as a waiver thereof, nor shall any single or partial exercise of any right, remedy, power or privilege hereunder or under any Credit Document or any other agreement or instrument relating thereto preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. This Guaranty is in addition to and not in limitation of any other rights, remedies, powers and privileges the Beneficiaries may have by virtue of any other instrument or agreement heretofore, contemporaneously herewith or hereafter executed by the Guarantor or any other Person or by applicable law or otherwise. All rights, remedies, powers and privileges of the Beneficiaries shall be cumulative and may be exercised singly or concurrently. The rights, remedies, powers and privileges of the Beneficiaries under this Guaranty against the Guarantor are not conditional or contingent on any attempt by the Beneficiaries to exercise any of their rights, remedies, powers or privileges against any other guarantor or surety or under the Credit Documents or any other agreement or instrument relating thereto against the Borrower or against any other Person.

(h) The Guarantor hereby acknowledges and agrees that, until the Commitments have been terminated and all of the Obligations have been paid in full in cash, under no circumstances shall it be entitled to be subrogated to any rights of any Beneficiary in respect of the Obligations performed by it hereunder or otherwise, and the Guarantor hereby expressly and irrevocably waives, until the Commitments have been terminated and all of the Obligations have been paid in full in cash, (i) each and every such right of subrogation and any claims, reimbursements, right or right of action relating thereto (howsoever arising), and (ii) each and every right to contribution, indemnification, set-off or reimbursement, whether from the Borrower or any other Person now or hereafter primarily or secondarily liable for any of the Obligations, and whether arising by contract or operation of law or otherwise by reason of the Guarantor's execution, delivery or performance of this Guaranty.

(i) The Guarantor represents and warrants that it has established adequate means of keeping itself informed of the Borrower's financial condition and of other circumstances affecting the Borrower's ability to perform the Obligations, and agrees that neither the Administrative Agent nor any Lender shall have any obligation to provide to the Guarantor any information it may have, or hereafter receive, in respect of the Borrower.

ARTICLE XI
MISCELLANEOUS

SECTION 11.01. ***Notices.*** Except in the case of notices and other communications expressly permitted to be given by telephone, all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopy, as follows:

(j) if to any Credit Party, to it at:

801 East 86 th Avenue
Merrillville, Indiana 46410
Attention: Vice President, Treasurer and Chief Risk Officer
Telecopier: (219) 647-6188;

with a copy to such Credit Party at:

801 East 86 th Avenue
Merrillville, Indiana 46410
Attention: Assistant Treasurer
Telecopier: (219) 647-6116;

(k) if to the Administrative Agent, to Barclays Bank PLC at:

1301 Sixth Avenue
New York, New York 10019
Attn: Sookie Siew
Telecopier: (917) 522-0569
Telephone: (212) 320-7205
Email: sookie.siew@barclays.com
Email: xrausloanops5@barclays.com

with a copy to such party at:

745 Seventh Avenue
New York, NY 10019
Attn: Alicia Borys
Telecopier: (212) 526-5115
Email: alicia.borys@barclays.com
Email: ltmny@barclays.com

(l) if to Barclays as an Initial LC Bank, at:

200 Park Avenue
New York, NY 10166
Attn: Letters of Credit / Dawn Townsend
Telecopier: (212) 412 5011
Email: xraletterofcredit@barclays.com

(m) if to any Lender, any LC Bank (other than Barclays) or the Swingline Lender, to it at its address (or telecopy number) set forth in its Administrative Questionnaire.

Any party hereto may change its address or telecopy number for notices and other communications hereunder by notice to the other parties hereto. All notices and other communications given to any party hereto in accordance with the provisions of this Agreement shall be deemed to have been given on the date of receipt.

Notices and other communications to the Lenders hereunder may be delivered or furnished by electronic communications pursuant to procedures approved by the Administrative Agent; provided that the foregoing shall not apply to notices pursuant to Article II unless otherwise agreed by the Administrative Agent and the applicable Lender. The Administrative Agent or the Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications.

SECTION 11.02. Waivers; Amendments.

(c) No failure or delay by the Administrative Agent, any LC Bank or any Lender in exercising any right or power hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Administrative Agent, the LC Banks and the Lenders hereunder are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of this Agreement or consent to any departure by any Credit Party therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) of this Section, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. Without limiting the generality of the foregoing, no Extension of Credit shall be construed as a waiver of any Default, regardless of whether the Administrative Agent, any LC Bank or any Lender may have had notice or knowledge of such Default at the time.

(d) Neither this Agreement nor any provision hereof may be waived, amended or modified except pursuant to an agreement or agreements in writing entered into by the Borrower, the Guarantor and the Required Lenders or by the Borrower, the Guarantor and the Administrative Agent with the consent of the Required Lenders; *provided* that no such agreement shall (i) increase the Commitment of any Lender without the written consent of such Lender, (ii) reduce the principal amount of any Loan or any Unreimbursed LC Disbursement or reduce the rate of interest thereon, or reduce any fees or other amounts payable hereunder, without the written consent of each Lender affected thereby, (iii) postpone the scheduled date of payment of the principal amount of any Loan, any Unreimbursed LC Disbursement or any interest thereon, or any fees or other amounts payable hereunder, or reduce the amount of, waive or excuse any such payment, or postpone the scheduled date of expiration of any Commitment, without the written consent of each Lender affected thereby, (iv) change Section 2.18(b) or (c) in a manner that would alter the *pro rata* sharing of payments required thereby, without the written consent of each Lender, (v) release the Guarantor from its obligations under the Guaranty without the written consent of each Lender, (vi) waive any of the conditions precedent to the effectiveness of this Agreement set forth in Section 3.01 without the written consent of each Lender, (vii) issue any Letter of Credit with an expiry date, or extend the expiry date of any Letter of Credit to a date, that is later than the Termination Date without the written consent of each Lender, or (viii) change any of the provisions of this Section or the definition of "Required Lenders" or any other provision hereof specifying the number or percentage of Lenders required to waive, amend or modify any rights hereunder or make any determination or grant any consent hereunder, without the written consent of each Lender; *provided, further,* that no such agreement shall amend, modify or otherwise affect the rights or duties of the Administrative Agent or any LC Bank hereunder without the prior written consent of the Administrative Agent or such LC Bank, as the case may be.

SECTION 11.03. Expenses; Indemnity; Damage Waiver.

(a) The Borrower shall pay (i) all reasonable out-of-pocket expenses incurred by the Administrative Agent and its Affiliates, including the reasonable fees, charges and disbursements of counsel for the Administrative Agent, in connection with the initial syndication of the credit facilities provided for herein, the preparation and administration of this Agreement or any amendments, modifications or waivers of the provisions hereof (whether or not the transactions contemplated hereby or thereby shall be consummated), (ii) all reasonable out-of-pocket expenses incurred by the LC Banks, including the reasonable fees, charges and disbursements of counsel for each LC Bank, in connection with the execution, delivery, administration, modification and amendment of any Letters of Credit to be issued by it hereunder, and (iii) all reasonable out-of-pocket expenses incurred by the Administrative Agent, any LC Bank or any Lender, including the reasonable fees, charges and disbursements of any counsel for the Administrative Agent, any LC Bank or any Lender, in connection with the enforcement or protection of its rights in connection with this Agreement, including its rights under this Section, or in connection with the Loans made and Letters of Credit issued hereunder, including in connection with any workout, restructuring or negotiations in respect thereof.

(f) The Borrower shall indemnify the Administrative Agent, the Syndication Agent, each Co-Documentation Agent, each LC Bank, each Lender and the Swingline Lender, and each Related Party of any of the foregoing Persons (each such Person being called an " ***Indemnitee*** ") against, and hold each Indemnitee harmless from, any and all losses, claims, penalties, damages, liabilities and related reasonable expenses, including the reasonable fees, charges and disbursements of any counsel for any Indemnitee, incurred by or asserted against any Indemnitee arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement or any agreement or instrument contemplated hereby, the performance by the parties hereto of their respective obligations hereunder or the consummation of the Transactions or any other transaction contemplated hereby, (ii) any Loan or Letter of Credit or the use of the proceeds therefrom, (iii) any actual or alleged presence or release of Hazardous Materials on or from any property now, in the past or hereafter owned or operated by the Borrower, the Guarantor or any of its other Subsidiaries, or any Environmental Liability related in any way to the Borrower, the Guarantor or any of its other Subsidiaries, or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by the Borrower or any of its Subsidiaries, and regardless of whether any Indemnitee is a party thereto; *provided* that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee.

(g) To the extent that the Borrower fails to pay any amount required to be paid by it to the Administrative Agent or any LC Bank under paragraph (a) or (b) of this Section, each Lender severally agrees to pay to the Administrative Agent or such LC Bank such Lender's Applicable Percentage (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount; *provided* that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent or such LC Bank in its capacity as such.

(h) To the extent permitted by applicable law, (i) the Borrower shall not assert, and does hereby waive any claim against any Indemnitee for any damages arising from the use by others of information or other materials obtained through telecommunications, electronic or other information transmission systems (including the Internet), and (ii) without limiting the rights of indemnification of any Indemnitee set forth in this Agreement with respect to liabilities asserted by third parties, each party hereto shall not assert, and hereby waives, any claim against each other party, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement or any agreement or instrument contemplated hereby, the Transactions or any Loan or the use of the proceeds thereof.

(i) All amounts due under this Section shall be payable not later than 20 days after written demand therefor.

SECTION 11.04. Successors and Assigns.

(g) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby; provided that, (i) except to the extent permitted pursuant to Section 6.01(b)(ii) and (iii), no Credit Party may assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of each Lender and each LC Bank (and any attempted assignment or transfer by a Credit Party without such consent shall be null and void) and (ii) no Lender may assign or otherwise transfer its rights or obligations hereunder except in accordance with this Section. Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) (i) Subject to the conditions set forth in paragraph (b)(ii) below, any Lender may assign to one or more assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans at the time owing to it) with the prior written consent (such consent not to be unreasonably withheld) of:

(A) the Borrower (provided that the Borrower shall be deemed to have consented to any such assignment unless it shall object thereto by written notice to the Administrative Agent within ten (10) Business Days after having received notice thereof); provided, further, that no consent of the Borrower shall be required for an assignment to a Lender, an Affiliate of a Lender, an Approved Fund or, if an Event of Default has occurred and is continuing, any other assignee;

(B) the Administrative Agent;

(C) the Swingline Lender; and

(D) each LC Bank.

(ii) Assignments shall be subject to the following additional conditions:

(A) except in the case of an assignment to a Lender or an Affiliate of a Lender or an Approved Fund or an assignment of the entire remaining amount of the assigning Lender's Commitment or Loans of any Class, the amount of the Commitment or Loans of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent) shall not be less than \$5,000,000 unless each of the Borrower and the Administrative Agent otherwise consent, provided that no such consent of the Borrower shall be required if an Event of Default has occurred and is continuing;

(B) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement, provided that this clause shall not be construed to prohibit the assignment of a proportionate part of all the assigning Lender's rights and obligations in respect of one Class of Commitments or Loans;

(C) the parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption, together with a processing and recordation fee of $3,500, such fee to be paid by either the assigning Lender or the assignee Lender or shared between such Lenders;

(D) the assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire in which the assignee designates one or more credit contacts to whom all syndicate-level information (which may contain material non-public information about the Borrower and its affiliates and their Related Parties or their respective securities) will be made available and who may receive such information in accordance with the assignee's compliance procedures and applicable laws, including Federal and state securities laws;

(E) without the prior written consent of the Administrative Agent, no assignment shall be made to a prospective assignee that bears a relationship to the Borrower described in Section 108(e)(4) of the Code; and

(F) no assignment shall be made to any Affiliate of any Credit Party.

For the purposes of this Section 11.04(b), the term "Approved Fund" has the following meaning:

"Approved Fund" means any Person (other than a natural person) that is engaged in making, purchasing, holding or investing in bank loans and similar extensions of credit in the ordinary course of its business and that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

Subject to acceptance and recording thereof pursuant to paragraph (d) of this Section, from and after the effective date specified in each Assignment and Assumption, the assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 2.15, 2.16, 2.17 and 11.03). Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this paragraph shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with paragraph (e) of this Section.

(i) The Administrative Agent, acting for this purpose as a non-fiduciary agent of the Borrower, shall maintain at one of its offices in The City of New York a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitment of, and principal amount of the Loans and other Obligations owing to, each Lender pursuant to the terms hereof from time to time (the "***Register***"). The entries in the

Register shall be conclusive (absent manifest error), and the Borrower, the Administrative Agent, the LC Banks and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary.

(j) Upon its receipt of a duly completed Assignment and Assumption executed by an assigning Lender and an assignee, the assignee's completed Administrative Questionnaire (unless the assignee shall already be a Lender hereunder), the processing and recordation fee referred to in paragraph (b) of this Section and any written consent to such assignment required by paragraph (b) of this Section, the Administrative Agent shall accept such Assignment and Assumption and record the information contained therein in the Register. No assignment shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this paragraph.

(k) Any Lender may, without the consent of or notice to the Borrower, any LC Bank or the Administrative Agent, sell participations to one or more banks or other entities (a " ***Participant*** ") in all or a portion of such Lender's rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans owing to it); *provided* that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) the Borrower, the Guarantor and the Administrative Agent shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; *provided* that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver described in the first proviso to Section 11.02(b) that affects such Participant. Subject to paragraph (f) of this Section, the Borrower agrees that each Participant shall be entitled to the benefits of Sections 2.15, 2.16 and 2.17 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section. Each Lender that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of the Borrower, maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the obligations under this Agreement (the " ***Participant Register*** "); provided that no Lender shall have any obligation to disclose all or any portion of the Participant Register to any Person (including the identity of any Participant or any information relating to a Participant's interest in the obligations under this Agreement) except to the extent that such disclosure is necessary to establish that such interest is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, the Administrative Agent (in its capacity as Administrative Agent) shall have no responsibility for maintaining a Participant Register.

(l) A Participant shall not be entitled to receive any greater payment under Section 2.15 or 2.17 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Borrower's prior written consent. A Participant that would be a Foreign Lender if it were a Lender shall not be entitled to the benefits of Section 2.17 unless the Borrower is notified of the participation sold to such Participant and such Participant agrees, for the benefit of the Borrower, to comply with Section 2.17(e) as though it were a Lender.

(m) Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including, without limitation, to a Federal Reserve Bank or any central bank, and this Section shall not apply to any such pledge or assignment of a security interest; *provided* that no such pledge or assignment of a security interest shall release a Lender from any of its obligations hereunder or substitute any such assignee for such Lender as a party hereto.

SECTION 11.05. ***Survival.*** All covenants, agreements, representations and warranties made by the Borrower and the Guarantor herein and in the certificates or other instruments delivered in connection with or pursuant to this Agreement shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery of this Agreement and the making of any Loans and issuance of any Letters of Credit. The provisions of Sections 2.15, 2.16, 2.17, 10.01(c)(iii) and 11.03 and Article IX shall survive and remain in full force and effect regardless of the consummation of the transactions contemplated hereby, the repayment of the Loans, the expiration or termination of the Commitments or the termination of this Agreement or any provision hereof.

SECTION 11.06. ***Counterparts; Integration; Effectiveness.*** This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement, the commitment letter relating to the credit facility provided hereby (to the extent provided therein) and any separate letter agreements with respect to fees payable to the Administrative Agent constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in Section 3.01, this Agreement shall become effective when it shall have been executed by the Administrative Agent and when the Administrative Agent shall have received counterparts hereof which, when taken together, bear the signatures of each of the other parties hereto, and thereafter shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Delivery of an executed counterpart of a signature page of this Agreement by facsimile or other electronic imaging shall be effective as delivery of an original executed counterpart of this Agreement.

SECTION 11.07. ***Severability.*** Any provision of this Agreement held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

SECTION 11.08. ***Right of Setoff.*** If an Event of Default shall have occurred and be continuing, each Lender and each LC Bank or any Affiliate of either is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Lender or for the credit or the account of any Credit Party against any of and all the Obligations now or hereafter existing under this Agreement held by such Lender or such LC Bank, irrespective of whether or not such Lender or such LC Bank shall have made any demand under this Agreement and although such Obligations may be unmatured. The rights of each Lender and each LC Bank under this Section are in addition to other rights and remedies (including other rights of setoff) which such Lender may have.

SECTION 11.09. Governing Law; Jurisdiction; Consent to Service of Process.

(g) This Agreement shall be construed in accordance with and governed by the law of the State of New York.

(h) Each Credit Party hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of the Supreme Court of the State of New York sitting in the Borough of Manhattan and of the United States District Court of the Southern District of New York sitting in the Borough of Manhattan, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State or, to the extent permitted by law, in such Federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement shall affect any right that the Administrative Agent, any LC Bank or any Lender may otherwise have to bring any action or proceeding relating to this Agreement against any Credit Party or its properties in the courts of any jurisdiction.

(i) Each Credit Party hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement in any court referred to in paragraph (b) of this Section. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(j) Each party to this Agreement irrevocably consents to service of process in the manner provided for notices in Section 11.01. Nothing in this Agreement will affect the right of any party to this Agreement to serve process in any other manner permitted by law.

SECTION 11.10. WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS

REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

SECTION 11.11. ***Headings.*** Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement.

SECTION 11.12. ***Confidentiality.*** Each of the Administrative Agent and the Lenders agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its and its Affiliates' directors, officers, employees and agents, including accountants, legal counsel and other advisors (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any regulatory authority (including any self-regulatory authority, such as the National Association of Insurance Commissioners), (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (d) to any other party to this Agreement, (e) in connection with the exercise of any remedies hereunder or any suit, action or proceeding relating to this Agreement or the enforcement of rights hereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement or (ii) actual or prospective counterparty (or its advisors) to any swap or derivative transaction or any credit insurance provider, in each case, relating to the Borrower and its obligations, (g) with the consent of the Borrower or (h) to the extent such Information (i) becomes publicly available other than as a result of a breach of this Section or (ii) becomes available to the Administrative Agent, any LC Bank or any Lender on a nonconfidential basis from a source other than a Credit Party or any Subsidiary of a Credit Party. For the purposes of this Section, " ***Information*** " means all information received from any Credit Party or any Subsidiary of a Credit Party relating to a Credit Party or any Subsidiary of a Credit Party or its respective businesses, other than any such information that is available to the Administrative Agent, any LC Bank or any Lender on a nonconfidential basis prior to disclosure by any Credit Party or any Subsidiary of a Credit Party; *provided* that, in the case of information received from any Credit Party or any Subsidiary of a Credit Party after the Effective Date, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

SECTION 11.13. ***USA PATRIOT Act. Each Lender hereby notifies the Credit Parties that pursuant to the requirements of the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "Act"), it is required to obtain, verify and record information that identifies the Credit Parties, which information includes the name and address of the Credit***

Parties and other information that will allow such Lender to identify the Credit Parties in accordance with the Act.

SECTION 11.14. Acknowledgments. Each of the Guarantor and the Borrower hereby acknowledges that:

(a) it has been advised by and consulted with its own legal, accounting, regulatory and tax advisors (to the extent it deemed appropriate) in the negotiation, execution and delivery of this Agreement and the other Credit Documents;

(b) neither any Arranger, any Agent nor any Lender has any fiduciary relationship with or duty to the Guarantor or the Borrower arising out of or in connection with this Agreement or any of the other Credit Documents, and the relationship between any Arranger, the Administrative Agent and the Lenders, on one hand, and the Guarantor and the Borrower, on the other hand, in connection herewith or therewith is solely that of debtor and creditor, and, to the fullest extent permitted by law, each of the Guarantor and the Borrower hereby waives and releases any claims that it may have against the Administrative Agent, the Arrangers and the Lenders with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any transaction contemplated hereby;

(c) it is capable of evaluating, and understands and accepts, the terms, risks and conditions of the transactions contemplated hereby and by the other Credit Documents; and

(d) no joint venture is created hereby or by the other Credit Documents or otherwise exists by virtue of the transactions contemplated hereby among the Arrangers, the Administrative Agent and the Lenders or among the Guarantor, the Borrower and the Lenders.

SECTION 11.15.

IN WITNESS WHEREOF , the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

NISOURCE FINANCE CORP., as Borrower

By:
Name:
Title:

Federal Tax Identification Number: 35-2105468

NISOURCE INC., as Guarantor

By:
Name:
Title:

Federal Tax Identification Number: 35-2108964

BARCLAYS BANK PLC, as a Lender, as Swingline Lender, as an LC Bank and as Administrative Agent

By:
Name:
Title:

CREDIT SUISSE AG, CAYMAN ISLANDS BRANCH, as a Lender and as an LC Bank

By:
Name:
Title:

By:
Name:
Title:

[OTHER LENDERS], as a Lender

By:
Name:
Title:

PRICING GRID

The "Applicable Rate" for any day with respect to any Eurodollar Loan, ABR Loan, Swingline Loan, Facility Fee or LC Risk Participation Fee, as the case may be, is the percentage set forth below in the applicable row under the column corresponding to the Status that exists on such day:

Status	Level I	Level II	Level III	Level IV	Level V	Level VI
Eurodollar Revolving Loans (basis points)	100	107.5	127.5	147.5	165	205
ABR Loans and Swingline Loans (basis points)	0	7.5	27.5	47.5	65	105
Facility Fee (basis points)	12.5	17.5	22.5	27.5	35	45
LC Risk Participation Fee (basis points)	100	107.5	127.5	147.5	165	205

For purposes of this Pricing Grid, the following terms have the following meanings (as modified by the provisos below):

" ***Level I Status*** " exists at any date if, at such date, the Index Debt is rated either A- or higher by S&P or A3 or higher by Moody's.

" ***Level II Status*** " exists at any date if, at such date, the Index Debt is rated either BBB+ by S&P or Ba[illegible]y Moody's.

" ***Level III Status*** " exists at any date if, at such date, the Index Debt is rated either BBB by S&P or Baa2 by Moody's.

" ***Level IV Status*** " exists at any date if, at such date, the Index Debt is rated either BBB- by S&P or Baa3 by Moody's.

" ***Level V Status*** " exists at any date if, at such date, the Index Debt is rated either BB+ by S&P or Ba1 by Moody's.

" ***Level VI Status*** " exists at any date if, at such date, no other Status exists.

" ***Status*** " refers to the determination of which of Level I Status, Level II Status, Level III Status, Level IV Status, Level V Status or Level VI Status exists at any date.

The credit ratings to be utilized for purposes of this Pricing Grid are those assigned to the Index Debt, and any rating assigned to any other debt security of the Borrower shall be disregarded. The rating in effect at any date is that in effect at the close of business on such date.

Provided, that the applicable Status shall change as and when the applicable Index Debt ratings change.

Provided further, that if the Index Debt is split-rated, the applicable Status shall be determined on the basis of the higher of the two ratings then applicable; *provided further, that,* if the Index Debt is split-rated by two or more levels, the applicable Status shall instead be determined on the basis of the rating that is one level above the lower of the two ratings then applicable.

Provided further, that if both Moody's and S&P, or their successors as applicable, shall have ceased to issue or maintain such ratings, then the applicable Status shall be Level VI.

EXHIBIT A

ASSIGNMENT AND ASSUMPTION

This Assignment and Assumption (the " Assignment and Assumption ") is dated as of the Effective Date set forth below and is entered into by and between [*Insert name of Assignor*] (the " Assignor ") and [*Insert name of Assignee*] (the " Assignee "). Capitalized terms used but not defined herein shall have the meanings given to them in the Second Amended and Restated Revolving Credit Agreement identified below (as amended, the " Credit Agreement "), receipt of a copy of which is hereby acknowledged by the Assignee. The Standard Terms and Conditions set forth in Annex 1 attached hereto are hereby agreed to and incorporated herein by reference and made a part of this Assignment and Assumption as if set forth herein in full.

For an agreed consideration, the Assignor hereby irrevocably sells and assigns to the Assignee, and the Assignee hereby irrevocably purchases and assumes from the Assignor, subject to and in accordance with the Standard Terms and Conditions and the Credit Agreement, as of the Effective Date inserted by the Administrative Agent as contemplated below (i) all of the Assignor's rights and obligations in its capacity as a Lender under the Credit Agreement and any other documents or instruments delivered pursuant thereto to the extent related to the amount and percentage interest identified below of all of such outstanding rights and obligations of the Assignor under the respective facilities identified below (including any letters of credit, guarantees, and swingline loans included in such facilities) and (ii) to the extent permitted to be assigned under applicable law, all claims, suits, causes of action and any other right of the Assignor (in its capacity as a Lender) against any Person, whether known or unknown, arising under or in connection with the Credit Agreement, any other documents or instruments delivered pursuant thereto or the loan transactions governed thereby or in any way based on or related to any of the foregoing, including contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity related to the rights and obligations sold and assigned pursuant to clause (i) above (the rights and obligations sold and assigned pursuant to clauses (i) and (ii) above being referred to herein collectively as the " Assigned Interest "). Such sale and assignment is without recourse to the Assignor and, except as expressly provided in this Assignment and Assumption, without representation or warranty by the Assignor.

1. Assignor: ______________________________

2. Assignee: ______________________________
[and is an Affiliate/Approved Fund of [identify Lender]]

3. Borrower(s): NiSource Finance Corp., a Delaware corporation

4. Administrative Agent: Barclays Bank PLC, as the administrative agent under the Credit Agreement

5. Credit Agreement: The Second Amended and Restated Revolving Credit Agreement dated as of September 30, 2013 among NiSource Finance Corp., as borrower, NiSource Inc., a Delaware corporation, as guarantor, the Lenders parties thereto, Barclays Bank PLC, as Administrative Agent, and the other agents parties thereto

6. Assigned Interest:

Aggregate Amount of Commitment/Loans for all Lenders	Amount of Commitment/ Loans Assigned	Percentage Assigned of Commitment/Loans
	$	%
$	$	%
$	$	%

Effective Date: ____________ ___, 20___ [TO BE INSERTED BY ADMINISTRATIVE AGENT AND WHICH SHALL BE THE EFFECTIVE DATE OF RECORDATION OF TRANSFER IN THE REGISTER THEREFOR.]

The terms set forth in this Assignment and Assumption are hereby agreed to:

ASSIGNOR

[NAME OF ASSIGNOR]

By: ________________________________
Title:

ASSIGNEE

[NAME OF ASSIGNEE]

By: ________________________________
Title:

Consented to and Accepted:

BARCLAYS BANK PLC, as Administrative Agent and LC Bank

By: ______________________________
Title:

[Consented to:]

[__________], as LC Bank

By: ______________________________
Title:

[NISOURCE FINANCE CORP., as Borrower]

By: ______________________________
Title:

ANNEX I

STANDARD TERMS AND CONDITIONS FOR

ASSIGNMENT AND ASSUMPTION

1. Representations and Warranties .

1.1 Assignor . The Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of the Assigned Interest, (ii) the Assigned Interest is free and clear of any lien, encumbrance or other adverse claim and (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby; and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Credit Agreement or any other Loan Document, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Loan Documents or any collateral thereunder, (iii) the financial condition of the Borrower, any of its Subsidiaries or Affiliates or any other Person obligated in respect of any Loan Document or (iv) the performance or observance by the Borrower, any of its Subsidiaries or Affiliates or any other Person of any of their respective obligations under any Loan Document.

1.2. Assignee . The Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and to become a Lender under the Credit Agreement, (ii) it satisfies the requirements, if any, specified in the Credit Agreement that are required to be satisfied by it in order to acquire the Assigned Interest and become a Lender, (iii) from and after the Effective Date, it shall be bound by the provisions of the Credit Agreement as a Lender thereunder and, to the extent of the Assigned Interest, shall have the obligations of a Lender thereunder, (iv) it has received a copy of the Credit Agreement, together with copies of the most recent financial statements delivered pursuant to Section 5.01(h) thereof, as applicable, and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Assumption and to purchase the Assigned Interest on the basis of which it has made such analysis and decision independently and without reliance on the Administrative Agent or any other Lender, (v) if it is a Non-U.S. Lender, attached to the Assignment and Assumption is any documentation required to be delivered by it pursuant to the terms of the Credit Agreement, duly completed and executed by the Assignee; and (vi) it does not bear a relationship to the Borrower described in Section 108(e)(4) of the Code; and (b) agrees that (i) it will, independently and without reliance on the Administrative Agent, the Assignor or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Documents, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Loan Documents are required to be performed by it as a Lender.

2. Payments . From and after the Effective Date, the Administrative Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other amounts) to the Assignor for amounts which have accrued to but excluding the Effective Date and to the Assignee for amounts which have accrued from and after the Effective Date.

3. General Provisions . This Assignment and Assumption shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Assignment and Assumption may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Assignment and Assumption by telecopy shall be effective as delivery of a manually executed counterpart of this Assignment and Assumption. This

Assignment and Assumption shall be governed by, and construed in accordance with, the law of the State of New York.

EXHIBIT B

FORM OF OPINION OF SCHIFF HARDIN LLP

EXHIBIT C

FORM OF REVOLVING LOAN BORROWING REQUEST

REVOLVING LOAN BORROWING REQUEST

Date: ________, ____

To: Barclays Bank PLC,
as Administrative Agent
1301 Sixth Avenue
New York, NY 10019
Attention: Sookie Siew
Facsimile: (917) 522-0569
Telephone: (212) 320-7205
Email: xraUSLoanOps5@barclays.com
Ladies and Gentlemen:

Reference is made to that certain Second Amended and Restated Revolving Credit Agreement dated as of September 30, 2013 (as may be amended, restated, amended and restated, extended, supplemented or otherwise modified in writing from time to time in accordance with its terms, the " Agreement "; the terms defined therein being used herein as therein defined), between NiSource Finance Corp., a Delaware corporation (the " Borrower "), NiSource Inc., as guarantor, the Lenders party thereto, Barclays Bank PLC, as the Administrative Agent, and the other parties thereto.

The Borrower hereby requests a Revolving Borrowing, as follows:

1. In the aggregate amount of $________.

2. On ________, 201_ (a Business Day).

3. Comprised of a [ABR] [Eurodollar] Borrowing.

[4. With an Interest Period of ___ months.]

[4][5]. The Borrower's account to which funds are to be disbursed is:

Account Number: __________
Location:_________________

This Borrowing Request and the Revolving Borrowing requested herein comply with the Agreement, including Sections 2.01(a), 2.02 and 3.02 of the Agreement.

NISOURCE FINANCE CORP.

By: ___________________________
Name:
Title:

EXHIBIT D

FORM OF SWINGLINE REQUEST

SWINGLINE REQUEST

Date: _______, ____

To: Barclays Bank PLC.
as Swingline Lender
Barclays Bank PLC,
as Administrative Agent
1301 Sixth Avenue

New York, NY 10019
Attention: Sookie Siew
Facsimile: (917) 522-0569
Telephone: (212) 320-7205
Email: xraUSLoanOps5@barclays.com

Ladies and Gentlemen:

Reference is made to that certain Second Amended and Restated Revolving Credit Agreement dated as of September 30, 2013 (as may be amended, restated, amended and restated, extended, supplemented or otherwise modified in writing from time to time in accordance with its terms, the "Agreement"; the terms defined therein being used herein as therein defined), between NiSource Finance Corp., a Delaware corporation (the "Borrower"), NiSource Inc., as guarantor, the Lenders party hereto, Barclays Bank PLC, as the Administrative Agent, and the other parties thereto.

The Borrower hereby requests a Swingline Loan from the Swingline Lender listed above, as follows:

1. In the amount of $________.

2. On __________, 201_ (a Business Day).

This Swingline Request and the Swingline Loan requested herein comply with the Agreement, including Sections 2.03 and 3.02 of the Agreement.

NISOURCE FINANCE CORP.

By: ____________________
Name:
Title:

EXHIBIT E

FORM OF LC CREDIT EXTENSION REQUEST

LC CREDIT EXTENSION REQUEST

Date: ________, ____

To: [__________],
as LC Bank
[__________]

cc: Barclays Bank PLC,
as Administrative Agent
1301 Sixth Avenue
New York, NY 10019
Attention: Sookie Siew
Facsimile: (917) 522-0569
Telephone: (212) 320-7205
Email: xraUSLoanOps5@barclays.com

Ladies and Gentlemen:

Reference is made to that certain Second Amended and Restated Revolving Credit Agreement dated as of September 30, 2013 (as may be amended, restated, amended and restated, extended, supplemented or otherwise modified in writing from time to time in accordance with its terms, the " Agreement "; the terms defined therein being used herein as therein defined), between NiSource Finance Corp., a Delaware corporation (the " Borrower "), NiSource Inc., as guarantor, the Lenders party thereto, Barclays Bank PLC, as the Administrative Agent, and the other parties thereto.

The Borrower hereby requests a Letter of Credit credit extension by the LC Bank listed above, as follows:

1. [An issuance of a new Letter of Credit in the amount of $[______]] [an amendment to existing Letter of Credit No. [______] issued by such LC Bank].

2. On __________, 201_ (a Business Day).

This request for Letter of Credit credit extension complies with the Agreement, including Sections 2.04 and 3.02 of the Agreement.

NISOURCE FINANCE CORP.

By: ____________________
Name:
Title:

EXHIBIT F

FORM OF REVOLVING NOTE

REVOLVING NOTE

FOR VALUE RECEIVED, the undersigned (the " Borrower "), hereby promises to pay to ________________ or registered assigns (the " Lender "), in accordance with the provisions of the Agreement (as hereinafter defined), the aggregate unpaid principal amount of each Revolving Loan from time to time made by the Lender to the Borrower under that certain Second Amended and Restated Revolving Credit Agreement dated as of September 30, 2013 (as may be amended, restated, amended and restated, extended, supplemented or otherwise modified in writing from time to time in accordance with its terms, the " Agreement "; the terms defined therein being used herein as therein defined), between the Borrower, NiSource Inc., as guarantor, the Lenders party thereto, Barclays Bank PLC, as the Administrative Agent, and the other parties thereto. The Borrower promises to pay interest on the aggregate unpaid principal amount of each Revolving Loan from time to time made by the Lender to the Borrower under the Agreement from the date of such Loan until such principal amount is paid in full, at such interest rates and at such times as provided in the Agreement. All payments of principal and interest shall be made to the Administrative Agent for the account of the Lender in Dollars in immediately available funds at the Administrative Agent's office pursuant to the terms of the Agreement. If any amount is not paid in full when due hereunder, such unpaid amount shall bear interest, to be paid upon demand, from the due date thereof until the date of actual payment (and before as well as after judgment) computed at the per annum rate set forth in the Agreement.

This Revolving Note is one of the promissory notes referred to in Section 2.10(e) of the Agreement, is one of the Credit Documents, is entitled to the benefits thereof and may be prepaid in whole or in part subject to the terms and conditions provided therein. Upon the occurrence and continuation of one or more of the Events of Default specified in the Agreement, all amounts then remaining unpaid on this Revolving Note shall become, or may be declared to be, immediately due and payable all as provided in the Agreement. Revolving Loans made by the Lender shall be evidenced by one or more loan accounts or records maintained by the Lender in the ordinary course of business. The Lender may also attach schedules to this Revolving Note and endorse thereon the date, amount and maturity of its Revolving Loans and payments with respect thereto.

The Borrower, for itself, its successors and assigns, hereby waives diligence, presentment, protest and demand and notice of protest, demand, dishonor and non-payment of this Revolving Note.

THIS NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

NISOURCE FINANCE CORP.

By: ________________
Name:
Title:

LOANS AND PAYMENTS WITH RESPECT THERETO

Date	Type of Loan Made	Amount of Loan Made	End of Interest Period	Amount of Principal or Interest Paid This Date	Outstanding Principal Balance This Date	Notation Made By

EXHIBIT G

FORM OF INTEREST ELECTION REQUEST

INTEREST ELECTION REQUEST

Date: _______, ____

To: Barclays Bank PLC,
as Administrative Agent
1301 Sixth Avenue
New York, NY 10019
Attention: Sookie Siew
Facsimile: (917) 522-0569
Telephone: (212) 320-7205
Email: xraUSLoanOps5@barclays.com

Ladies and Gentlemen:

Reference is made to that certain Second Amended and Restated Revolving Credit Agreement, dated as of September 30, 2013 (as may be amended, restated, amended and restated, extended, supplemented or otherwise modified in writing from time to time in accordance with its terms, the " Agreement "; the terms defined therein being used herein as therein defined), between NiSource Finance Corp., a Delaware corporation (the " Borrower "), NiSource Inc., as guarantor, the Lenders party thereto, Barclays Bank PLC, as the Administrative Agent, and the other parties thereto.

This Interest Election Request is delivered to you pursuant to Section 2.06 of the Agreement and relates to the following:

1. A conversion of a Borrowing A continuation of a Borrowing (select one).

2. In the aggregate principal amount of $________.

3. which Borrowing is being maintained as a [ABR Revolving Borrowing] [Eurodollar Revolving Borrowing with an Interest Period ending on ________, 201_].

4. (select relevant election)

If such Borrowing is a Eurodollar Revolving Borrowing, such Borrowing shall be continued as a Eurodollar Revolving Borrowing having an Interest Period of [__] months.

If such Borrowing is a Eurodollar Revolving Borrowing, such Borrowing shall be converted to an ABR Revolving Borrowing.

If such Borrowing is an ABR Revolving Borrowing, such Borrowing shall be converted to a Eurodollar Revolving Borrowing having an Interest Period of [____] months.

5. Such election to be effective on ________, 201_ (a Business Day).

This Interest Election Request and the election made herein comply with the Agreement, including Section 2.06 of the Agreement.

NISOURCE FINANCE CORP.

By: ____________________
Name:
Title:

EXHIBIT H

FORM OF PREPAYMENT NOTICE

PREPAYMENT NOTICE

Date: _______, ____

To: Barclays Bank PLC.
as Administrative Agent
1301 Sixth Avenue
New York, NY 10019
Attention: Sookie Siew
Facsimile: (917) 522-0569
Telephone: (212) 320-7205
Email: xraUSLoanOps5@barclays.com

Ladies and Gentlemen:

Reference is made to that certain Second Amended and Restated Revolving Credit Agreement, dated as of September 30, 2013 (as may be amended, restated, amended and restated, extended, supplemented or otherwise modified in writing from time to time in accordance with its terms, the "Agreement"; the terms defined therein being used herein as therein defined), between NiSource Finance Corp., a Delaware corporation (the "Borrower"), NiSource Inc., as guarantor, the Lenders party thereto, Barclays Bank PLC, as the Administrative Agent, and the other parties thereto.

This Prepayment Notice is delivered to you pursuant to Section 2.11 of the Agreement. The Borrower hereby gives [illegible]ce of a prepayment of Loans as follows:

1. Revolving Loans Swingline Loans

2. (select Type(s) of Loans)

ABR Revolving Loans in the aggregate principal amount of $________.

Eurodollar Revolving Loans with an Interest Period ending ______, 201_ in the aggregate principal amount of $________.

3. On __________, 201_ (a Business Day).

This Prepayment Notice and prepayment contemplated hereby comply with the Agreement, including Section 2.11 of the Agreement.

NISOURCE FINANCE CORP.

By: ___________________
Name:
Title:

Schedule 2.01

(Second Amended and Restated Revolving Credit Agreement)

Names, Addresses, Allocation of Aggregate Commitment, and Applicable Percentages of Banks

Bank Name	Domestic Lending Office	Eurodollar Lending Office	Commitment	Applicable Percentage
Barclays Bank PLC	Barclays Bank PLC 745 Seventh Avenue New York, NY 10019	Barclays Bank PLC 745 Seventh Avenue New York, NY 10019	$144,500,000	7.225%
Credit Suisse AG, Cayman Islands Branch	On file with the Administrative Agent	On file with the Administrative Agent	$144,500,000	7.225%
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	On file with the Administrative Agent	On file with the Administrative Agent	$104,500,000	5.225%
Citibank, N.A.	On file with the Administrative Agent	On file with the Administrative Agent	$104,500,000	5.225%
JPMorgan Chase Bank, N.A.	On file with the Administrative Agent	On file with the Administrative Agent	$104,500,000	5.225%
Bank of America, N.A.	On file with the Administrative Agent	On file with the Administrative Agent	$83,750,000	4.1875%
The Bank of Nova Scotia	On file with the Administrative Agent	On file with the Administrative Agent	$83,750,000	4.1875%
BNP Paribas	On file with the Administrative Agent	On file with the Administrative Agent	$83,750,000	4.1875%
Goldman Sachs Bank USA	On file with the Administrative Agent	On file with the Administrative Agent	$83,750,000	4.1875%
KeyBank National Association	On file with the Administrative Agent	On file with the Administrative Agent	$83,750,000	4.18[illegible]
Mizuho Bank, Ltd.	On file with the Administrative	On file with the	$83,750,000	4.1875%

	Agent	Administrative Agent		
[illegible]gan Stanley Bank, [illegible]A.	On file with the Administrative Agent	On file with the Administrative Agent	$83,750,000	4.1875%

Bank Name	Domestic Lending Office	Eurodollar Lending Office	Commitment	Applicable Percentage
The Northern Trust Company	On file with the Administrative Agent	On file with the Administrative Agent	$83,750,000	4.1[illegible]%
PNC Bank, National Association	On file with the Administrative Agent	On file with the Administrative Agent	$83,750,000	4.1875%
Royal Bank of Canada	On file with the Administrative Agent	On file with the Administrative Agent	$83,750,000	4.1875%
The Royal Bank of Scotland plc	On file with the Administrative Agent	On file with the Administrative Agent	$83,750,000	4.1875%
U.S. Bank National Association	On file with the Administrative Agent	On file with the Administrative Agent	$83,750,000	4.1875%
Wells Fargo Bank, National Association	On file with the Administrative Agent	On file with the Administrative Agent	$83,750,000	4.1875%
CoBank, ACB	On file with the Administrative Agent	On file with the Administrative Agent	$83,750,000	4.1875%
Banco Bilbao Vizcaya Argentaria, S.A., New York Branch	On file with the Administrative Agent	On file with the Administrative Agent	$45,000,000	2.25%
The Bank of New York Mellon	On file with the Administrative Agent	On file with the Administrative Agent	$45,000,000	2.25%
Fifth Third Bank	On file with the Administrative Agent	On file with the Administrative Agent	$45,000,000	2.25%
The Huntington National Bank	On file with the Administrative Agent	On file with the Administrative Agent	$45,000,000	2.25%
National Cooperative Services Corporation	On file with the Administrative Agent	On file with the Administrative Agent	$45,000,000	2.[illegible]
TOTAL			$2,000,000,000	100%

Swingline Lender:

Bank Name	Lending Office	Swingline Commitment*
Barclays Bank PLC	745 Seventh Avenue New York, NY 10019	$250,000,000

*Swingline Commitments expressed as totals for this Agreement. Swingline Commitments are within, and not in addition to, the Swingline Lender's Commitment as a Lender.

SCHEDULE 2.04

EXISTING LETTERS OF CREDIT

LETTER OF CREDIT NO.	ISSUER	APPLICANT	BENEFICIARY	OUTSTANDING BALANCE
SB-00116	Barclays	NiSource Inc.	Travelers Indemnity Company	1,550,000.00
SB-00246	Barclays	Nisource Finance Corp	LIBERTY MUTUAL INSURANCE COMPANY	165,000.00
SB-00399	Barclays	Nisource Finance Corp	ACE American Ins Co / ACE Property + Casualty Ins Co	9,973,024.00
SB-01868	Barclays	Nisource Finance Corp, on behalf of Northern Indiana Public Service Company	MIDCONTINENT INDEPENDENT SYSTEM OPERATOR, INC.	7,000,000.00
SB-01606	Barclays	Nisource Finance Corp	OHIO BUREAU OF WORKERS' COMPENSATION	250,000.00
SB-01624	Barclays	Nisource Finance Corp	Ace America Insurance Company	2,375,000.00
SB-01643	Barclays	Nisource Finance Corp	BALTIMORE COUNTY, MARYLAND	15,108.50
SB-01654	Barclays	Nisource Finance Corp	BALTIMORE COUNTY, MARYLAND	11,250.00

SCHEDULE 6.01(e)

EXISTING AGREEMENTS

Receivables Purchase Agreements and Receivables Sales Agreement of (a) Columbia Gas of Ohio Receivables Corporation, (b) Columbia Gas of Pennsylvania Receivables Corporation, (c) NIPSCO Accounts Receivables Corporation and (d) any renewal, modification, extension or replacement of the above, in each case, to provide for receivables financings upon terms and conditions not materially more restrictive on the Guarantor and its Subsidiaries, taken as a whole, than the terms and conditions of such renewed, modified, extended or replaced facility.

Exhibit 31.1

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

I, Robert C. Skaggs, Jr., certify that:

1. I have reviewed this Quarterly Report of NiSource Inc. on Form 10-Q for the quarter ended September 30, 2013 ;
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 31, 2013 By: /s/ Robert C. Skaggs, Jr.

Robert C. Skaggs, Jr.
Chief Executive Officer

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

I, Stephen P. Smith, certify that:

1. I have reviewed this Quarterly Report of NiSource Inc. on Form 10-Q for the quarter ended September 30, 2013 ;

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 31, 2013 By: /s/ Stephen P. Smith

Stephen P. Smith
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, 2013 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Robert C. Skaggs, Jr., Chief Executive Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

/s/ Robert C. Skaggs, Jr.
Robert C. Skaggs, Jr.
Chief Executive Officer

Date: October 31, 2013

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, 2013 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Stephen P. Smith, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

/s/ Stephen P. Smith

Stephen P. Smith
Executive Vice President and Chief Financial Officer

Date: October 31, 2013

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 2012 through November 2014.

DATE: 01/25/13 09:35:51

COLUMBIA GAS OF PENNSYLVANIA, INC.
BALANCE SHEET AS OF DECEMBER 31, 2012

	CURRENT BALANCE	INC OVR PRV MTH	INC OVR SM MTH PRV YR	INC OVR DECEMBER
ASSETS				
PROPERTY, PLANT AND EQUIPMENT				
GAS UTILITY AND OTHER PLANT, @ ORIG COST	1,273,803,702	9,161,183	135,233,721	135,233,721
ACCUMULATED DEPRECIATION AND DEPLETION	312,318,340	594,928	15,255,153	15,255,153
NET PROPERTY, PLANT AND EQUIPMENT	961,485,362	8,566,255	119,978,568	119,978,568
CURRENT ASSETS				
CASH AND TEMPORARY CASH INVESTMENTS	5,584,449	730,542	(1,431,207)	(1,431,207)
ACCOUNTS RECEIVABLE:				
*CUSTOMERS (LESS ALLOW FOR DOUBTFUL ACCTS)		2	(1)	(1)
FROM ASSOCIATED COMPANIES	55,201,714	3,657,345	25,446,723	25,446,723
*OTHER	1	(3)	(7,017)	(7,017)
GAS INVENTORY	73,121,897	(9,977,549)	(32,421,310)	(32,421,310)
OTHER INVENTORIES	692,789	(38,815)	(20,232)	(20,232)
PREPAYMENTS	2,369,106	(404,573)	100,126	100,126
REGULATORY ASSETS CURRENT	9,275,542	(3,158,781)	(5,251,147)	(5,251,147)
OTHER CURRENT ASSETS	299,956	(107,554)	72,994	72,994
TOTAL CURRENT ASSETS	146,545,454	(9,299,386)	(13,511,071)	(13,511,071)
INVESTMENT IN SUBSIDIARY	17,253,812	8,811	313,755	313,755
REGULATORY ASSETS LONG TERM	274,316,347	11,238,130	4,781,110	4,781,110
DEFERRED CHARGES AND SPECIAL DEPOSITS & FUNDS	71,268,067	(18,562,281)	3,985,622	3,985,622
TOTAL ASSETS	1,470,869,042	(8,048,471)	115,547,984	115,547,984
CAPITALIZATION AND LIABILITIES				
CAPITALIZATION				
COMMON STOCK EQUITY				
COMMON STOCK, AT PAR VALUE	45,127,802			
ADDITIONAL PAID IN CAPITAL	7,679,577		57,606	57,606
OTHER COMPREHENSIVE INCOME-	4		10,680	10,680
RETAINED EARNINGS	373,599,647	8,001,522	43,707,381	43,707,381
TOTAL COMMON STOCK EQUITY	426,407,030	8,001,522	43,775,667	43,775,667
LONG-TERM DEBT				
INSTALLMENT PROMISSORY NOTES AND LOANS	356,390,008	(21,999,999)	108,000,000	108,000,000
TOTAL CAPITALIZATION	782,797,038	(13,998,477)	151,775,667	151,775,667
CURRENT LIABILITIES				
CURRENT MATURITIES OF LONG-TERM DEBT				
ACCOUNTS PAYABLE	28,637,912	9,815,480	5,955,615	5,955,615
ACCOUNTS PAYABLE TO ASSOCIATED COMPANIES	34,179,954	13,118,883	(67,509,629)	(67,509,629)
ACCRUED TAXES	1,401,096	(1,551,076)	701,567	701,567
ACCRUED INTEREST	250,123	(16,295)	112,883	112,883
ESTIMATED RATE REFUNDS	54		(15,265)	(15,265)
DEFERRED INCOME TAXES	7,964,123	(5,305,636)	6,877,405	6,877,405
OTHER CURRENT LIABILITIES	100,176,820	(18,234,433)	(7,240,582)	(7,240,582)
TOTAL CURRENT LIABILITIES	172,710,082	(2,273,077)	(61,118,006)	(61,118,006)
OTHER LIABILITIES AND DEFERRED CREDITS				
INCOME TAXES, NONCURRENT	422,089,731	(1,426,764)	47,800,989	47,800,989
INVESTMENT TAX CREDITS	3,903,122	(30,020)	(360,235)	(360,235)
OTHER REGULATORY LIABILITIES LONG TERM	42,548,699	(5,331,013)	(32,323,820)	(32,323,820)
OTHER LIABILITIES & DEFERRED CREDITS	46,820,370	15,010,880	9,773,389	9,773,389
TOTAL OTHER LIABILITIES AND DEFERRED CREDITS	515,361,922	8,223,083	24,890,323	24,990,323
TOTAL CAPITALIZATION AND LIABILITIES	1,470,869,042	(8,048,471)	115,547,984	115,547,984

REPORT ID: BAL FORMAT ID: BSP

*A/R AND RELATED RESERVES HAVE BEEN SOLD TO CPRC, AND INTEREST THEREIN HAS BEEN SOLD TO A PURCHASER(S) REPRESENTED BY BTMU, AS AGENT.

DATE: 02/12/13 10:07:35

COLUMBIA GAS OF PENNSYLVANIA, INC.
BALANCE SHEET AS OF JANUARY 31, 2013

	CURRENT BALANCE	INC OVR PRV MTH	INC OVR SM MTH PRV YR	INC OVR DECEMBER
ASSETS				
PROPERTY, PLANT AND EQUIPMENT				
GAS UTILITY AND OTHER PLANT, @ ORIG COST	1,279,070,833	5,267,131	133,195,543	5,267,131
ACCUMULATED DEPRECIATION AND DEPLETION	314,064,679	1,746,339	15,599,091	1,746,339
NET PROPERTY, PLANT AND EQUIPMENT	965,006,154	3,520,792	117,596,452	3,520,792
CURRENT ASSETS				
CASH AND TEMPORARY CASH INVESTMENTS	6,153,798	569,349	(1,057,088)	569,349
ACCOUNTS RECEIVABLE:				
*CUSTOMERS (LESS ALLOW FOR DOUBTFUL ACCTS)	1	1		1
FROM ASSOCIATED COMPANIES	74,235,229	19,033,515	48,234,531	19,033,515
*OTHER	1		7,015	
GAS INVENTORY	52,342,281	(20,779,616)	(30,325,860)	(20,779,616)
OTHER INVENTORIES	686,757	(6,032)	(18,980)	(6,032)
PREPAYMENTS	1,387,342	(381,764)	87,822	(381,764)
REGULATORY ASSETS CURRENT	9,114,343	(161,199)	(6,095,738)	(161,199)
OTHER CURRENT ASSETS	747,388	447,432	340,404	447,432
TOTAL CURRENT ASSETS	145,267,140	(1,278,314)	11,137,006	(1,278,314)
INVESTMENT IN SUBSIDIARY	17,291,263	37,451	299,057	37,451
REGULATORY ASSETS LONG TERM	273,586,600	(729,747)	5,237,030	(729,747)
DEFERRED CHARGES AND SPECIAL DEPOSITS & FUNDS	67,698,251	(3,569,816)	(4,166,189)	(3,569,816)
TOTAL ASSETS	1,468,849,408	(2,019,634)	130,103,256	(2,019,634)
CAPITALIZATION AND LIABILITIES				
CAPITALIZATION				
COMMON STOCK EQUITY				
COMMON STOCK, AT PAR VALUE	45,127,802			
ADDITIONAL PAID IN CAPITAL	7,679,577		57,606	
OTHER COMPREHENSIVE INCOME-	4		10,680	
RETAINED EARNINGS	385,281,729	11,682,082	44,272,937	11,682,082
TOTAL COMMON STOCK EQUITY	438,089,112	11,682,082	44,341,223	11,682,082
LONG-TERM DEBT				
INSTALLMENT PROMISSORY NOTES AND LOANS	356,390,008		108,000,000	
TOTAL CAPITALIZATION	794,479,120	11,682,082	152,341,223	11,682,082
CURRENT LIABILITIES				
CURRENT MATURITIES OF LONG-TERM DEBT				
ACCOUNTS PAYABLE	26,807,691	(1,830,221)	960,592	(1,830,221)
ACCOUNTS PAYABLE TO ASSOCIATED COMPANIES	35,637,430	1,457,476	(47,622,513)	1,457,476
ACCRUED TAXES	3,074,188	1,673,092	1,007,593	1,673,092
ACCRUED INTEREST	310,284	(39,839)	118,314	(39,839)
ESTIMATED RATE REFUNDS	54		(15,265)	
DEFERRED INCOME TAXES	8,073,614	109,491	5,800,283	109,491
OTHER CURRENT LIABILITIES	81,362,231	(18,814,589)	(9,576,264)	(18,814,589)
TOTAL CURRENT LIABILITIES	155,265,492	(17,444,590)	(49,327,260)	(17,444,590)
OTHER LIABILITIES AND DEFERRED CREDITS				
INCOME TAXES, NONCURRENT	425,617,495	3,527,764	46,848,387	3,527,764
INVESTMENT TAX CREDITS	3,873,102	(30,020)	(360,235)	(30,020)
OTHER REGULATORY LIABILITIES LONG TERM	43,420,393	871,694	(28,895,279)	871,694
OTHER LIABILITIES & DEFERRED CREDITS	46,193,806	(626,564)	9,496,420	(626,564)
TOTAL OTHER LIABILITIES AND DEFERRED CREDITS	519,104,796	3,742,874	27,089,293	3,742,874
TOTAL CAPITALIZATION AND LIABILITIES	1,468,849,408	(2,019,634)	130,103,256	(2,019,634)

REPORT ID: BAL FORMAT ID: BSP

*A/R AND RELATED RESERVES HAVE BEEN SOLD TO CPRC, AND INTEREST THEREIN HAS BEEN SOLD TO A PURCHASER(S) REPRESENTED BY BTMU, AS AGENT.

COLUMBIA GAS OF PENNSYLVANIA, INC.
BALANCE SHEET AS OF FEBRUARY 28, 2013

	CURRENT BALANCE	INC OVR PRV MTH	INC OVR SM MTH PRV YR	INC OVR DECEMBER
ASSETS				
PROPERTY, PLANT AND EQUIPMENT				
GAS UTILITY AND OTHER PLANT, @ ORIG COST	1,281,307,777	2,236,944	127,626,877	7,504,075
ACCUMULATED DEPRECIATION AND DEPLETION	315,730,584	1,665,905	15,263,644	3,412,244
NET PROPERTY, PLANT AND EQUIPMENT	965,577,193	571,039	112,363,233	4,091,831
CURRENT ASSETS				
CASH AND TEMPORARY CASH INVESTMENTS	16,788,488	10,634,690	8,585,975	11,204,039
ACCOUNTS RECEIVABLE:				
*CUSTOMERS (LESS ALLOW FOR DOUBTFUL ACCTS)		(1)	2	
FROM ASSOCIATED COMPANIES	88,843,096	14,607,867	72,779,883	33,641,382
*OTHER	1,137	4,136	4,133	4,136
GAS INVENTORY	31,708,537	(20,633,744)	(26,518,486)	(41,413,360)
OTHER INVENTORIES	643,464	(13,293)	(82,365)	(49,325)
PREPAYMENTS	2,143,267	155,925	602,807	(225,839)
REGULATORY ASSETS CURRENT	9,160,042	45,699	(6,875,598)	(115,500)
OTHER CURRENT ASSETS	598,785	(148,603)	238,995	296,829
TOTAL CURRENT ASSETS	149,889,816	4,622,676	48,735,347	3,344,362
INVESTMENT IN SUBSIDIARY	12,334,056	42,793	278,704	80,244
REGULATORY ASSETS LONG TERM	273,937,744	(548,656)	5,588,087	(1,278,903)
DEFERRED CHARGES AND SPECIAL DEPOSITS & FUNDS	55,683,674	(12,014,577)	(12,317,403)	(15,584,393)
TOTAL ASSETS	1,461,522,483	(7,326,925)	154,651,968	(9,346,559)
CAPITALIZATION AND LIABILITIES				
CAPITALIZATION				
COMMON STOCK EQUITY				
COMMON STOCK, AT PAR VALUE	45,177,807			
ADDITIONAL PAID IN CAPITAL	7,679,577		57,606	
OTHER COMPREHENSIVE INCOME-	4		10,680	
RETAINED EARNINGS	396,582,830	11,301,101	46,447,638	22,983,183
TOTAL COMMON STOCK EQUITY	449,390,213	11,301,101	46,515,924	22,983,183
LONG-TERM DEBT				
INSTALLMENT PROMISSORY NOTES AND LOANS	356,390,007	(1)	107,999,999	(1)
TOTAL CAPITALIZATION	805,780,220	11,301,100	154,515,923	22,983,182
CURRENT LIABILITIES				
CURRENT MATURITIES OF LONG-TERM DEBT				
ACCOUNTS PAYABLE	24,692,916	(2,114,775)	8,771,460	(3,944,996)
ACCOUNTS PAYABLE TO ASSOCIATED COMPANIES	39,365,273	3,727,843	(32,178,281)	5,185,319
ACCRUED TAXES	4,358,345	1,284,157	1,506,447	2,957,249
ACCRUED INTEREST	310,619	335	108,261	(39,504)
ESTIMATED RATE REFUNDS	54		(15,265)	
DEFERRED INCOME TAXES	7,781,644	(291,970)	6,694,926	(182,479)
OTHER CURRENT LIABILITIES	47,471,656	(33,890,575)	(23,464,574)	(52,705,164)
TOTAL CURRENT LIABILITIES	123,980,507	(31,284,985)	(38,577,026)	(48,729,575)
OTHER LIABILITIES AND DEFERRED CREDITS				
INCOME TAXES, NONCURRENT	428,011,172	2,393,677	44,835,927	5,921,441
INVESTMENT TAX CREDITS	3,843,082	(30,020)	(360,235)	(60,040)
OTHER REGULATORY LIABILITIES LONG TERM	54,186,444	10,766,051	(15,472,380)	11,637,745
OTHER LIABILITIES & DEFERRED CREDITS	45,721,058	(472,748)	9,709,759	(1,099,312)
TOTAL OTHER LIABILITIES AND DEFERRED CREDITS	531,761,756	12,656,960	38,713,071	16,309,834
TOTAL CAPITALIZATION AND LIABILITIES	1,461,522,483	(7,326,925)	154,651,968	(9,346,559)

REPORT ID: BAL FORMAT ID: BSP
*A/R AND RELATED RESERVES HAVE BEEN SOLD TO CPRC, AND INTEREST THEREIN HAS BEEN SOLD TO A PURCHASER(S) REPRESENTED BY BTMU, AS AGENT.

DATE: 04/10/13 14:03:24

COLUMBIA GAS OF PENNSYLVANIA, INC.
BALANCE SHEET AS OF MARCH 31, 2013

	CURRENT BALANCE	INC OVR PRV MTH	INC OVR SM MTH PRV YR	INC OVR DECEMBER
ASSETS				
PROPERTY, PLANT AND EQUIPMENT				
GAS UTILITY AND OTHER PLANT, @ ORIG COST	1,289,669,783	8,362,006	125,093,149	15,866,081
ACCUMULATED DEPRECIATION AND DEPLETION	317,520,289	1,789,705	15,009,373	5,201,949
NET PROPERTY, PLANT AND EQUIPMENT	972,149,494	6,572,301	110,083,776	10,664,132
CURRENT ASSETS				
CASH AND TEMPORARY CASH INVESTMENTS	5,134,802	(11,653,686)	(4,599,185)	(449,647)
ACCOUNTS RECEIVABLE:				
*CUSTOMERS (LESS ALLOW FOR DOUBTFUL ACCTS)			1	
FROM ASSOCIATED COMPANIES	123,169,419	34,326,323	39,349,825	67,967,705
*OTHER	3	(4,134)		2
GAS INVENTORY	15,566,839	(16,141,698)	(34,459,464)	(57,555,058)
OTHER INVENTORIES	652,835	9,371	35,611	(39,954)
PREPAYMENTS	1,707,734	(435,533)	531,534	(661,372)
REGULATORY ASSETS CURRENT	9,786,848	626,806	(8,081,168)	511,306
OTHER CURRENT ASSETS	3,062,223	2,463,438	2,659,677	2,762,267
TOTAL CURRENT ASSETS	159,080,703	9,190,887	(4,563,169)	12,535,249
INVESTMENT IN SUBSIDIARY	17,355,692	21,636	272,539	101,880
REGULATORY ASSETS LONG TERM	267,825,649	(5,212,095)	678,114	(6,490,698)
DEFERRED CHARGES AND SPECIAL DEPOSITS & FUNDS	44,977,431	(10,706,243)	(23,431,253)	(26,290,636)
TOTAL ASSETS	1,461,388,969	(133,514)	83,040,007	(9,480,073)
CAPITALIZATION AND LIABILITIES				
CAPITALIZATION				
COMMON STOCK EQUITY				
COMMON STOCK, AT PAR VALUE	45,127,802			
ADDITIONAL PAID IN CAPITAL	7,679,577		57,606	
OTHER COMPREHENSIVE INCOME-	4		10,690	
RETAINED EARNINGS	405,752,279	9,169,448	51,668,869	32,152,631
TOTAL COMMON STOCK EQUITY	458,559,661	9,169,448	51,737,155	32,152,631
LONG-TERM DEBT				
INSTALLMENT PROMISSORY NOTES AND LOANS	356,390,007		43,000,000	(1)
TOTAL CAPITALIZATION	814,949,669	9,169,448	94,737,155	32,152,630
CURRENT LIABILITIES				
CURRENT MATURITIES OF LONG-TERM DEBT				
ACCOUNTS PAYABLE	20,651,377	(4,041,539)	4,990,935	(7,956,535)
ACCOUNTS PAYABLE TO ASSOCIATED COMPANIES	40,093,665	728,392	(40,487,594)	5,913,711
ACCRUED TAXES	6,518,548	2,160,203	3,439,211	5,117,452
ACCRUED INTEREST	320,936	10,317	108,555	(29,187)
ESTIMATED RATE REFUNDS	54		533	
DEFERRED INCOME TAXES	6,387,256	(891,386)	5,724,498	(1,076,665)
OTHER CURRENT LIABILITIES	42,688,689	(4,782,967)	(19,811,834)	(57,489,131)
TOTAL CURRENT LIABILITIES	117,160,527	(6,819,980)	(46,038,395)	(55,549,555)
OTHER LIABILITIES AND DEFERRED CREDITS				
INCOME TAXES, NONCURRENT	430,819,407	2,808,235	43,472,731	8,729,676
INVESTMENT TAX CREDITS	3,013,063	(30,019)	(360,235)	(90,059)
OTHER REGULATORY LIABILITIES LONG TERM	50,639,811	(3,346,633)	(16,314,957)	8,291,112
OTHER LIABILITIES & DEFERRED CREDITS	43,806,493	(1,914,565)	7,543,718	(3,013,877)
TOTAL OTHER LIABILITIES AND DEFERRED CREDITS	529,278,774	(2,482,982)	34,341,247	13,916,852
TOTAL CAPITALIZATION AND LIABILITIES	1,461,388,969	(133,514)	83,040,007	(9,480,073)

REPORT ID: BAL FORMAT ID: BSP

*A/R AND RELATED RESERVES HAVE BEEN SOLD TO CPRC, AND INTEREST THEREIN HAS BEEN SOLD TO A PURCHASER(S) REPRESENTED BY ETMU, AS AGENT.

DATE: 05/13/13 09:28:36

COLUMBIA GAS OF PENNSYLVANIA, INC.
BALANCE SHEET AS OF APRIL 30, 2013

	CURRENT BALANCE	INC OVR PRV MTH	INC OVR SM MTH PRV YR	INC OVR DECEMBER
ASSETS				
PROPERTY, PLANT AND EQUIPMENT				
GAS UTILITY AND OTHER PLANT, @ ORIG COST	1,300,867,966	11,193,183	126,624,285	27,064,264
ACCUMULATED DEPRECIATION AND DEPLETION	318,494,544	974,255	14,390,726	6,176,204
NET PROPERTY, PLANT AND EQUIPMENT	982,373,422	10,223,928	112,233,559	20,888,060
CURRENT ASSETS				
CASH AND TEMPORARY CASH INVESTMENTS	15,833,234	10,698,432	6,397,017	10,248,785
ACCOUNTS RECEIVABLE:				
*CUSTOMERS (LESS ALLOW FOR DOUBTFUL ACCTS)				
FROM ASSOCIATED COMPANIES	107,444,254	(15,725,165)	27,631,383	52,242,540
*OTHER	10,554	10,551	10,551	10,553
GAS INVENTORY	33,697,687	18,130,848	(15,764,730)	(39,424,210)
OTHER INVENTORIES	657,231	4,396	98,374	(35,558)
PREPAYMENTS	2,182,185	474,451	1,046,066	(186,921)
REGULATORY ASSETS CURRENT	10,736,952	950,104	(7,262,732)	1,461,410
OTHER CURRENT ASSETS	6,970,949	3,908,726	6,315,925	6,670,993
TOTAL CURRENT ASSETS	177,533,046	18,452,343	18,471,854	20,967,592
INVESTMENT IN SUBSIDIARY	17,363,416	7,724	256,106	109,604
REGULATORY ASSETS LONG TERM	267,510,512	(315,137)	345,009	(6,805,835)
DEFERRED CHARGES AND SPECIAL DEPOSITS & FUNDS	46,950,857	1,973,426	(19,021,124)	(24,317,210)
TOTAL ASSETS	1,491,731,253	30,342,284	112,285,404	20,862,211
CAPITALIZATION AND LIABILITIES				
CAPITALIZATION				
COMMON STOCK EQUITY				
COMMON STOCK, AT PAR VALUE	45,127,802			
ADDITIONAL PAID IN CAPITAL	7,679,577		57,606	
OTHER COMPREHENSIVE INCOME	4		10,680	
RETAINED EARNINGS	409,208,244	3,455,966	51,523,938	35,608,597
TOTAL COMMON STOCK EQUITY	462,015,627	3,455,965	51,592,224	35,608,597
LONG-TERM DEBT				
INSTALLMENT PROMISSORY NOTES AND LOANS	356,390,007		43,000,000	(1)
TOTAL CAPITALIZATION	818,405,634	3,455,966	94,592,224	35,608,596
CURRENT LIABILITIES				
CURRENT MATURITIES OF LONG-TERM DEBT				
ACCOUNTS PAYABLE	33,447,596	12,796,219	20,660,432	4,809,664
ACCOUNTS PAYABLE TO ASSOCIATED COMPANIES	40,166,283	74,618	(41,524,124)	5,989,329
ACCRUED TAXES	16,025,286	9,506,738	13,517,157	14,624,190
ACCRUED INTEREST	330,069	9,133	110,231	(20,054)
ESTIMATED RATE REFUNDS	54		833	
DEFERRED INCOME TAXES	6,481,012	(405,346)	5,395,194	(1,482,211)
OTHER CURRENT LIABILITIES	45,560,441	2,871,752	(16,493,792)	(54,616,379)
TOTAL CURRENT LIABILITIES	142,013,641	24,853,114	(18,334,069)	(30,696,441)
OTHER LIABILITIES AND DEFERRED CREDITS				
INCOME TAXES, NONCURRENT	433,481,578	2,662,171	43,114,995	11,391,847
INVESTMENT TAX CREDITS	3,783,044	(30,019)	(360,234)	(120,078)
OTHER REGULATORY LIABILITIES LONG TERM	50,630,844	(208,967)	(14,128,931)	8,082,145
OTHER LIABILITIES & DEFERRED CREDITS	43,416,512	(389,981)	7,401,419	(3,403,858)
TOTAL OTHER LIABILITIES AND DEFERRED CREDITS	531,311,978	2,033,204	36,027,249	15,950,056
TOTAL CAPITALIZATION AND LIABILITIES	1,491,731,253	30,342,284	112,285,404	20,862,211

REPORT ID: BAL   FORMAT ID: BSF

*A/R AND RELATED RESERVES HAVE BEEN SOLD TO CPRC, AND INTEREST THEREIN HAS BEEN SOLD TO A PURCHASER(S) REPRESENTED BY BTMU, AS AGENT.

COLUMBIA GAS OF PENNSYLVANIA, INC.
BALANCE SHEET AS OF MAY 31, 2013

	CURRENT BALANCE	INC OVR PRV MTH	INC OVR SM MTH PRV YR	INC OVR DECEMBER
ASSETS				
PROPERTY, PLANT AND EQUIPMENT				
GAS UTILITY AND OTHER PLANT, @ ORIG COST	1,315,468,440	14,600,474	131,267,911	41,664,738
ACCUMULATED DEPRECIATION AND DEPLETION	320,582,300	2,087,756	15,657,014	8,263,960
NET PROPERTY, PLANT AND EQUIPMENT	994,886,140	12,512,718	115,610,897	33,400,778
CURRENT ASSETS				
CASH AND TEMPORARY CASH INVESTMENTS	3,570,437	(12,262,797)	(5,119,991)	(2,014,012)
ACCOUNTS RECEIVABLE:				
*CUSTOMERS (LESS ALLOW FOR DOUBTFUL ACCTS)	(1)	(1)	(2)	(1)
FROM ASSOCIATED COMPANIES	89,370,817	(19,073,437)	16,065,540	34,169,103
*OTHER	2	(10,551)		2
GAS INVENTORY	48,297,018	14,599,331	(2,615,652)	(24,824,879)
OTHER INVENTORIES	657,324	93	189,214	(35,465)
PREPAYMENTS	735,845	(1,446,310)	(725,648)	(1,533,261)
REGULATORY ASSETS CURRENT	10,962,189	225,237	(6,730,237)	1,686,547
OTHER CURRENT ASSETS	7,480,429	509,460	7,045,391	7,180,475
TOTAL CURRENT ASSETS	161,074,061	(16,456,985)	10,116,615	11,528,607
INVESTMENT IN SUBSIDIARY	17,288,689	25,273	260,529	134,877
REGULATORY ASSETS LONG TERM	267,265,949	(244,563)	360,547	(7,050,398)
DEFERRED CHARGES AND SPECIAL DEPOSITS & FUNDS	49,752,555	2,801,698	(21,472,790)	(21,515,512)
TOTAL ASSETS	1,490,367,394	(1,363,959)	104,875,798	19,498,352
CAPITALIZATION AND LIABILITIES				
CAPITALIZATION				
COMMON STOCK EQUITY				
COMMON STOCK, AT PAR VALUE	45,127,802			
ADDITIONAL PAID IN CAPITAL	7,679,577		57,606	
OTHER COMPREHENSIVE INCOME-	4		10,680	
RETAINED EARNINGS	408,924,960	(283,284)	51,649,491	35,325,313
TOTAL COMMON STOCK EQUITY	461,732,343	(283,284)	51,717,777	35,325,313
LONG-TERM DEBT				
INSTALLMENT PROMISSORY NOTES AND LOANS	356,390,007		43,000,000	(1)
TOTAL CAPITALIZATION	818,122,350	(283,284)	94,717,777	35,325,312
CURRENT LIABILITIES				
CURRENT MATURITIES OF LONG-TERM DEBT				
ACCOUNTS PAYABLE	28,483,115	(4,964,461)	15,989,490	(154,797)
ACCOUNTS PAYABLE TO ASSOCIATED COMPANIES	41,442,977	1,274,694	(41,796,039)	7,265,023
ACCRUED TAXES	14,322,648	(1,702,638)	12,099,138	12,921,552
ACCRUED INTEREST	271,516	(58,553)	44,663	(78,607)
ESTIMATED RATE REFUNDS	54		833	
DEFERRED INCOME TAXES	5,290,531	(1,191,400)	4,171,309	(2,675,612)
OTHER CURRENT LIABILITIES	48,826,607	3,266,166	(19,090,433)	(51,350,213)
TOTAL CURRENT LIABILITIES	138,637,428	(3,376,213)	(28,581,039)	(34,072,654)
OTHER LIABILITIES AND DEFERRED CREDITS				
INCOME TAXES, NONCURRENT	436,218,943	2,737,265	43,908,272	14,129,112
INVESTMENT TAX CREDITS	3,753,024	(30,030)	(360,234)	(150,098)
OTHER REGULATORY LIABILITIES LONG TERM	50,326,610	(304,234)	(12,148,733)	7,777,911
OTHER LIABILITIES & DEFERRED CREDITS	43,309,139	(107,373)	7,339,755	(3,511,231)
TOTAL OTHER LIABILITIES AND DEFERRED CREDITS	533,607,616	2,295,638	38,739,060	18,245,694
TOTAL CAPITALIZATION AND LIABILITIES	1,490,367,394	(1,363,959)	104,875,798	19,498,352

REPORT ID: BAL FORMAT ID: BSP

*A/R AND RELATED RESERVES HAVE BEEN SOLD TO CPRC, AND INTEREST THEREIN HAS BEEN SOLD TO A PURCHASER(S) REPRESENTED BY BTMU, AS AGENT.

COLUMBIA GAS OF PENNSYLVANIA, INC.
BALANCE SHEET AS OF JUNE 30, 2013

	CURRENT BALANCE	INC OVR PRV MTH	INC OVR SM MTH PRV YR	INC OVR DECEMBER
ASSETS				
PROPERTY, PLANT AND EQUIPMENT				
GAS UTILITY AND OTHER PLANT, @ ORIG COST	1,334,849,419	19,380,979	137,539,423	61,045,717
ACCUMULATED DEPRECIATION AND DEPLETION	322,298,902	1,716,602	16,864,058	9,980,562
NET PROPERTY, PLANT AND EQUIPMENT	1,012,550,517	17,664,377	120,675,365	51,065,155
CURRENT ASSETS				
CASH AND TEMPORARY CASH INVESTMENTS	3,942,312	371,875	(4,903,914)	(1,642,137)
ACCOUNTS RECEIVABLE:				
*CUSTOMERS (LESS ALLOW FOR DOUBTFUL ACCTS)		1	1	
FROM ASSOCIATED COMPANIES	62,671,033	(26,699,784)	10,112,074	7,469,319
*OTHER	3			2
GAS INVENTORY	68,440,880	20,143,862	12,126,852	(4,681,017)
OTHER INVENTORIES	669,399	12,075	73,695	(23,390)
PREPAYMENTS	352,262	(383,583)	15,007	(2,016,844)
REGULATORY ASSETS CURRENT	11,407,979	445,790	(4,637,858)	2,132,437
OTHER CURRENT ASSETS	6,160,752	(1,319,677)	5,539,590	5,860,796
TOTAL CURRENT ASSETS	153,644,620	(7,429,441)	18,325,448	7,099,166
INVESTMENT IN SUBSIDIARY	17,399,928	11,239	276,818	146,116
REGULATORY ASSETS LONG TERM	264,650,896	(2,615,053)	(1,498,519)	(9,665,451)
DEFERRED CHARGES AND SPECIAL DEPOSITS & FUNDS	46,817,593	(2,934,962)	(23,620,249)	(24,450,474)
TOTAL ASSETS	1,495,063,554	4,696,160	114,158,863	24,194,512
CAPITALIZATION AND LIABILITIES				
CAPITALIZATION				
COMMON STOCK EQUITY				
COMMON STOCK, AT PAR VALUE	45,127,802			
ADDITIONAL PAID IN CAPITAL	7,679,577		57,606	
OTHER COMPREHENSIVE INCOME-	4		10,680	
RETAINED EARNINGS	400,726,953	(8,198,007)	44,826,857	27,127,306
TOTAL COMMON STOCK EQUITY	453,534,336	(8,198,007)	44,895,143	27,127,306
LONG-TERM DEBT				
INSTALLMENT PROMISSORY NOTES AND LOANS	379,390,006	22,999,999	65,999,999	22,999,998
TOTAL CAPITALIZATION	832,924,342	14,801,992	110,895,142	50,127,304
CURRENT LIABILITIES				
CURRENT MATURITIES OF LONG-TERM DEBT				
ACCOUNTS PAYABLE	27,604,525	(878,490)	11,887,607	(1,032,287)
ACCOUNTS PAYABLE TO ASSOCIATED COMPANIES	32,857,676	(8,585,301)	(42,368,627)	(1,322,278)
ACCRUED TAXES	7,947,121	(6,375,527)	5,967,046	6,546,025
ACCRUED INTEREST	280,383	8,867	51,129	(59,740)
ESTIMATED RATE REFUNDS	54		833	
DEFERRED INCOME TAXES	4,803,005	(487,506)	2,294,173	(3,161,118)
OTHER CURRENT LIABILITIES	53,016,175	4,189,568	(20,352,118)	(47,160,645)
TOTAL CURRENT LIABILITIES	126,509,039	(13,128,389)	(42,569,957)	(46,201,043)
OTHER LIABILITIES AND DEFERRED CREDITS				
INCOME TAXES, NONCURRENT	440,022,958	3,804,115	50,019,497	17,935,227
INVESTMENT TAX CREDITS	3,723,004	(30,020)	(360,235)	(150,118)
OTHER REGULATORY LIABILITIES LONG TERM	49,671,642	(654,968)	(10,505,385)	7,122,943
OTHER LIABILITIES & DEFERRED CREDITS	42,212,569	(1,096,570)	6,679,801	(4,507,801)
TOTAL OTHER LIABILITIES AND DEFERRED CREDITS	535,630,173	2,022,557	45,833,678	20,268,251
TOTAL CAPITALIZATION AND LIABILITIES	1,495,063,554	4,696,160	114,158,863	24,194,512

REPORT ID: BAL FORMAT ID: BSP PAGE 1

*A/R AND RELATED RESERVES HAVE BEEN SOLD TO CPRC, AND INTEREST THEREIN HAS BEEN SOLD TO A PURCHASER(S) REPRESENTED BY BTMU, AS AGENT.

DATE: 08/08/13 13:10:44

COLUMBIA GAS OF PENNSYLVANIA, INC.
BALANCE SHEET AS OF JULY 31, 2013

	CURRENT BALANCE	INC OVR PRV MTH	INC OVR SM MTH PRV YR	INC OVR DECEMBER
ASSETS				
PROPERTY, PLANT AND EQUIPMENT				
GAS UTILITY AND OTHER PLANT, @ ORIG COST	1,349,502,063	14,652,644	140,908,725	75,698,361
ACCUMULATED DEPRECIATION AND DEPLETION	323,666,972	1,368,070	16,590,179	11,348,632
NET PROPERTY, PLANT AND EQUIPMENT	1,025,835,091	13,284,574	124,318,546	64,349,729
CURRENT ASSETS				
CASH AND TEMPORARY CASH INVESTMENTS	5,066,254	1,123,942	(614,952)	(518,195)
ACCOUNTS RECEIVABLE:				
*CUSTOMERS (LESS ALLOW FOR DOUBTFUL ACCTS)				
FROM ASSOCIATED COMPANIES	32,234,133	(30,436,900)	(11,593,532)	(22,967,581)
*OTHER	3		(1)	2
GAS INVENTORY	23,455,496	15,014,616	17,031,697	10,333,599
OTHER INVENTORIES	662,517	(6,982)	9,513	(30,272)
PREPAYMENTS	2,785,456	2,436,194	169,897	419,350
REGULATORY ASSETS CURRENT	10,825,612	(582,367)	(3,503,123)	1,550,070
OTHER CURRENT ASSETS	4,522,401	(1,638,548)	3,661,672	4,222,146
TOTAL CURRENT ASSETS	139,554,875	(14,089,745)	5,161,111	(6,990,579)
INVESTMENT IN SUBSIDIARY	17,426,946	27,018	292,964	172,134
REGULATORY ASSETS LONG TERM	264,307,565	(343,331)	(1,665,744)	(10,008,782)
DEFERRED CHARGES AND SPECIAL DEPOSITS & FUNDS	52,511,474	5,693,851	(22,796,150)	(18,756,593)
TOTAL ASSETS	1,499,635,951	4,572,397	105,312,747	28,766,909
CAPITALIZATION AND LIABILITIES				
CAPITALIZATION				
COMMON STOCK EQUITY				
COMMON STOCK, AT PAR VALUE	45,127,802			
ADDITIONAL PAID IN CAPITAL	7,679,577		57,606	
OTHER COMPREHENSIVE INCOME-	4			
RETAINED EARNINGS	398,991,167	(1,735,786)	43,640,439	25,391,520
TOTAL COMMON STOCK EQUITY	451,798,550	(1,735,786)	43,698,045	25,391,520
LONG-TERM DEBT				
INSTALLMENT PROMISSORY NOTES AND LOANS	379,390,006		65,999,999	22,999,996
TOTAL CAPITALIZATION	831,188,556	(1,735,786)	109,698,044	48,391,518
CURRENT LIABILITIES				
CURRENT MATURITIES OF LONG-TERM DEBT				
ACCOUNTS PAYABLE	21,908,714	(6,595,911)	2,157,373	(7,629,198)
ACCOUNTS PAYABLE TO ASSOCIATED COMPANIES	35,529,395	2,671,719	(42,923,561)	1,349,441
ACCRUED TAXES	4,839,936	(3,106,085)	3,360,168	3,437,940
ACCRUED INTEREST	289,272	8,889	53,638	(60,851)
ESTIMATED RATE REFUNDS	54		833	
DEFERRED INCOME TAXES	4,315,500	(487,505)	783,867	(3,646,623)
OTHER CURRENT LIABILITIES	64,569,529	11,553,354	(15,599,351)	(35,607,291)
TOTAL CURRENT LIABILITIES	130,551,500	4,042,461	(52,167,033)	(42,158,582)
OTHER LIABILITIES AND DEFERRED CREDITS				
INCOME TAXES, NONCURRENT	442,976,169	2,953,211	50,260,614	20,886,438
INVESTMENT TAX CREDITS	3,692,985	(30,019)	(360,235)	(210,137)
OTHER REGULATORY LIABILITIES LONG TERM	49,192,207	(479,435)	(8,912,763)	6,643,508
OTHER LIABILITIES & DEFERRED CREDITS	42,034,534	(178,035)	6,794,120	(4,785,836)
TOTAL OTHER LIABILITIES AND DEFERRED CREDITS	537,895,895	2,265,722	47,781,736	22,533,973
TOTAL CAPITALIZATION AND LIABILITIES	1,499,635,951	4,572,397	105,312,747	28,766,909

REPORT ID: BAL FORMAT ID: BSP

*A/R AND RELATED RESERVES HAVE BEEN SOLD TO CPRC, AND INTEREST THEREIN HAS BEEN SOLD TO A PURCHASER(S) REPRESENTED BY BTMU, AS AGENT.

DATE: 09/12/13 10:32:45

COLUMBIA GAS OF PENNSYLVANIA, INC.
BALANCE SHEET AS OF AUGUST 31, 2013

	CURRENT BALANCE	INC OVR PRV MTH	INC OVR SM MTH PRV YR	INC OVR DECEMBER
ASSETS				
PROPERTY, PLANT AND EQUIPMENT				
GAS UTILITY AND OTHER PLANT, @ ORIG COST	1,364,938,656	15,436,593	139,645,412	91,134,951
ACCUMULATED DEPRECIATION AND DEPLETION	325,397,116	1,730,144	16,886,082	13,078,776
NET PROPERTY, PLANT AND EQUIPMENT	1,039,541,540	13,706,449	122,759,330	78,056,176
CURRENT ASSETS				
CASH AND TEMPORARY CASH INVESTMENTS	4,326,593	(739,661)	(4,263,513)	(1,257,856)
ACCOUNTS RECEIVABLE:				
*CUSTOMERS (LESS ALLOW FOR DOUBTFUL ACCTS)			(1)	
FROM ASSOCIATED COMPANIES	17,196,102	(15,036,031)	(4,537,273)	(38,003,612)
*OTHER	3			2
GAS INVENTORY	98,922,431	15,472,935	20,446,314	25,807,534
OTHER INVENTORIES	656,777	(5,740)	(11,436)	(36,012)
PREPAYMENTS	2,498,277	(289,579)	62,195	129,771
REGULATORY ASSETS CURRENT	9,783,646	(1,041,966)	(5,502,519)	508,104
OTHER CURRENT ASSETS	434,707	(4,087,697)	(225,774)	134,751
TOTAL CURRENT ASSETS	133,828,136	(5,726,739)	5,667,993	(12,717,318)
INVESTMENT IN SUBSIDIARY	17,453,418	26,472	305,652	199,606
REGULATORY ASSETS LONG TERM	264,219,669	(87,895)	(2,645,654)	(10,096,678)
DEFERRED CHARGES AND SPECIAL DEPOSITS & FUNDS	51,651,488	(859,986)	(32,589,296)	(19,616,579)
TOTAL ASSETS	1,506,694,251	7,058,300	93,498,025	35,825,209
CAPITALIZATION AND LIABILITIES				
CAPITALIZATION				
COMMON STOCK EQUITY				
COMMON STOCK, AT PAR VALUE	45,127,802			
ADDITIONAL PAID IN CAPITAL	7,679,577		57,606	
OTHER COMPREHENSIVE INCOME-	4			
RETAINED EARNINGS	397,673,083	(1,118,084)	42,423,428	24,273,436
TOTAL COMMON STOCK EQUITY	450,580,466	(1,118,084)	42,481,034	24,273,436
LONG-TERM DEBT				
INSTALLMENT PROMISSORY NOTES AND LOANS	379,390,006		65,999,999	22,999,998
TOTAL CAPITALIZATION	830,070,472	(1,118,084)	108,481,033	47,273,434
CURRENT LIABILITIES				
CURRENT MATURITIES OF LONG-TERM DEBT				
ACCOUNTS PAYABLE	18,700,679	(2,308,035)	2,190,613	(9,937,233)
ACCOUNTS PAYABLE TO ASSOCIATED COMPANIES	37,248,748	1,719,353	(41,818,964)	3,068,794
ACCRUED TAXES	890,731	(3,948,305)	(1,696,381)	(510,365)
ACCRUED INTEREST	297,335	6,063	(37,812)	(52,768)
ESTIMATED RATE REFUNDS	54		833	
DEFERRED INCOME TAXES	3,827,409	(488,091)	(35,608)	(4,136,714)
OTHER CURRENT LIABILITIES	73,939,341	9,369,912	(22,354,226)	(26,237,479)
TOTAL CURRENT LIABILITIES	134,904,297	4,352,797	(63,751,545)	(37,805,785)
OTHER LIABILITIES AND DEFERRED CREDITS				
INCOME TAXES, NONCURRENT	446,442,237	3,466,068	48,913,755	24,352,506
INVESTMENT TAX CREDITS	3,662,966	(30,019)	(360,234)	(240,156)
OTHER REGULATORY LIABILITIES LONG TERM	49,995,475	803,268	(5,812,739)	7,446,776
OTHER LIABILITIES & DEFERRED CREDITS	41,618,804	(415,730)	6,027,755	(5,281,566)
TOTAL OTHER LIABILITIES AND DEFERRED CREDITS	541,719,482	3,823,587	48,758,537	26,357,560
TOTAL CAPITALIZATION AND LIABILITIES	1,506,694,251	7,058,300	93,498,025	35,825,209

REPORT ID: BAL FORMAT ID: BSP

*A/R AND RELATED RESERVES HAVE BEEN SOLD TO CPRC, AND INTEREST THEREIN HAS BEEN SOLD TO A PURCHASER(S) REPRESENTED BY BTMU, AS AGENT.

COLUMBIA GAS OF PENNSYLVANIA, INC.
BALANCE SHEET AS OF SEPTEMBER 30, 2013

	CURRENT BALANCE	INC OVR PRV MTH	INC OVR SM MTH PRV YR	INC OVR DECEMBER
ASSETS				
PROPERTY, PLANT AND EQUIPMENT				
GAS UTILITY AND OTHER PLANT, @ ORIG COST	1,380,900,377	15,961,721	143,846,788	107,096,675
ACCUMULATED DEPRECIATION AND DEPLETION	326,895,873	1,498,757	16,956,736	14,577,533
NET PROPERTY, PLANT AND EQUIPMENT	1,054,004,504	14,462,964	126,890,052	92,519,142
CURRENT ASSETS				
CASH AND TEMPORARY CASH INVESTMENTS	5,202,423	875,830	(502,237)	(282,026)
ACCOUNTS RECEIVABLE:				
*CUSTOMERS (LESS ALLOW FOR DOUBTFUL ACCTS)	1	1		1
FROM ASSOCIATED COMPANIES	11,451,485	(5,746,617)	(17,579,652)	(43,750,229)
*OTHER	2	(1)		1
GAS INVENTORY	111,804,813	12,875,382	24,473,857	38,682,916
OTHER INVENTORIES	656,268	(509)	(77,835)	(36,521)
PREPAYMENTS	2,205,942	(292,935)	54,966	(163,164)
REGULATORY ASSETS CURRENT	9,410,011	(373,635)	(5,735,423)	134,469
OTHER CURRENT ASSETS	252,557	(182,150)	(528,411)	(47,399)
TOTAL CURRENT ASSETS	140,983,502	7,155,366	105,265	(5,561,952)
INVESTMENT IN SUBSIDIARY	17,475,977	22,559	317,668	222,165
REGULATORY ASSETS LONG TERM	262,703,856	(1,515,813)	(1,585,655)	(11,612,491)
DEFERRED CHARGES AND SPECIAL DEPOSITS & FUNDS	59,933,742	8,282,254	(15,198,834)	(11,334,325)
TOTAL ASSETS	1,535,101,581	28,407,330	110,528,496	64,232,539
CAPITALIZATION AND LIABILITIES				
CAPITALIZATION				
COMMON STOCK EQUITY				
COMMON STOCK, AT PAR VALUE	45,127,802			
ADDITIONAL PAID IN CAPITAL	7,679,577		57,606	
OTHER COMPREHENSIVE INCOME-	4			
RETAINED EARNINGS	397,022,540	(850,543)	41,868,053	23,422,993
TOTAL COMMON STOCK EQUITY	449,829,923	(850,543)	41,925,659	23,422,993
LONG-TERM DEBT				
INSTALLMENT PROMISSORY NOTES AND LOANS	379,390,006		65,999,999	22,999,998
TOTAL CAPITALIZATION	829,219,929	(850,543)	107,925,658	46,422,991
CURRENT LIABILITIES				
CURRENT MATURITIES OF LONG-TERM DEBT				
ACCOUNTS PAYABLE	15,897,316	(2,863,363)	931,387	(12,743,596)
ACCOUNTS PAYABLE TO ASSOCIATED COMPANIES	62,173,856	24,925,108	(18,764,655)	27,991,902
ACCRUED TAXES	(12,340,461)	(13,231,192)	(14,305,973)	(12,741,557)
ACCRUED INTEREST	304,795	7,378	(37,251)	(45,419)
ESTIMATED RATE REFUNDS	54		833	
DEFERRED INCOME TAXES	3,339,904	(487,505)	(1,423,545)	(4,624,219)
OTHER CURRENT LIABILITIES	93,404,978	19,465,637	(14,568,463)	(6,771,842)
TOTAL CURRENT LIABILITIES	162,780,352	27,876,055	(48,839,847)	(9,929,730)
OTHER LIABILITIES AND DEFERRED CREDITS				
INCOME TAXES, NONCURRENT	449,488,873	3,046,636	48,743,158	27,390,149
INVESTMENT TAX CREDITS	3,632,946	(30,020)	(360,235)	(270,176)
OTHER REGULATORY LIABILITIES LONG TERM	49,345,655	(649,820)	(5,350,173)	6,796,956
OTHER LIABILITIES & DEFERRED CREDITS	40,633,826	(984,976)	8,409,935	(6,186,544)
TOTAL OTHER LIABILITIES AND DEFERRED CREDITS	543,101,300	1,381,815	51,442,685	27,739,378
TOTAL CAPITALIZATION AND LIABILITIES	1,535,101,581	28,407,330	110,528,496	64,232,539

REPORT ID: BAL FORMAT ID: BSP

*A/R AND RELATED RESERVES HAVE BEEN SOLD TO CPRC, AND INTEREST THEREIN HAS BEEN SOLD TO A PURCHASER(S) REPRESENTED BY BTMU, AS AGENT.

DATE: 11/11/13 13:30:00

COLUMBIA GAS OF PENNSYLVANIA, INC.
BALANCE SHEET AS OF OCTOBER 31, 2013

	CURRENT BALANCE	INC OVR PRV MTH	INC OVR SM MTH PRV YR	INC OVR DECEMBER
ASSETS				
PROPERTY, PLANT AND EQUIPMENT				
GAS UTILITY AND OTHER PLANT, @ ORIG COST	1,404,282,070	23,381,693	151,688,645	130,478,368
ACCUMULATED DEPRECIATION AND DEPLETION	327,871,574	975,701	17,023,564	15,553,234
NET PROPERTY, PLANT AND EQUIPMENT	1,076,410,496	22,405,992	134,665,081	114,925,134
CURRENT ASSETS				
CASH AND TEMPORARY CASH INVESTMENTS	5,211,319	8,896	433,875	(373,130)
ACCOUNTS RECEIVABLE:				
*CUSTOMERS (LESS ALLOW FOR DOUBTFUL ACCTS)	(1)	(2)	(4)	(1)
FROM ASSOCIATED COMPANIES	19,259,836	7,808,351	(6,713,447)	(35,941,878)
*OTHER	3	1	2	2
GAS INVENTORY	116,205,937	4,401,124	25,788,458	43,084,040
OTHER INVENTORIES	653,000	(3,269)	(68,685)	(39,789)
PREPAYMENTS	3,758,100	1,552,158	(18,559)	1,388,994
REGULATORY ASSETS CURRENT	9,937,245	527,234	(3,495,922)	661,703
OTHER CURRENT ASSETS	230,192	(22,365)	(652,221)	(69,764)
TOTAL CURRENT ASSETS	155,255,631	14,272,129	15,273,497	8,710,177
INVESTMENT IN SUBSIDIARY	17,509,654	33,677	282,834	255,842
REGULATORY ASSETS LONG TERM	263,560,035	856,179	299,268	(10,756,312)
DEFERRED CHARGES AND SPECIAL DEPOSITS & FUNDS	78,145,961	18,212,219	(10,131,103)	6,877,894
TOTAL ASSETS	1,590,881,777	55,780,196	140,389,577	120,012,735
CAPITALIZATION AND LIABILITIES				
CAPITALIZATION				
COMMON STOCK EQUITY				
COMMON STOCK, AT PAR VALUE	45,127,802			
ADDITIONAL PAID IN CAPITAL	7,686,976	7,399	7,399	7,399
OTHER COMPREHENSIVE INCOME-	4			
RETAINED EARNINGS	398,856,225	1,833,685	39,958,910	25,256,578
TOTAL COMMON STOCK EQUITY	451,671,007	1,841,084	39,966,309	25,263,977
LONG-TERM DEBT				
INSTALLMENT PROMISSORY NOTES AND LOANS	379,390,006		65,999,999	22,999,998
TOTAL CAPITALIZATION	831,061,013	1,841,084	105,966,308	48,263,975
CURRENT LIABILITIES				
CURRENT MATURITIES OF LONG-TERM DEBT				
ACCOUNTS PAYABLE	17,247,321	1,350,005	(837,100)	(11,390,591)
ACCOUNTS PAYABLE TO ASSOCIATED COMPANIES	85,572,055	23,398,199	1,771,978	51,392,101
ACCRUED TAXES	(2,549,557)	9,790,904	(5,253,657)	(3,950,653)
ACCRUED INTEREST	312,111	7,406	(36,360)	(38,012)
ESTIMATED RATE REFUNDS	6,305,267	6,305,213	5,299,393	6,305,213
DEFERRED INCOME TAXES	4,147,473	807,569	(3,903,355)	(3,816,650)
OTHER CURRENT LIABILITIES	100,167,703	6,762,725	(23,518,274)	(9,117)
TOTAL CURRENT LIABILITIES	211,202,373	48,422,021	(25,482,375)	38,492,291
OTHER LIABILITIES AND DEFERRED CREDITS				
INCOME TAXES, NONCURRENT	455,233,798	5,744,925	52,554,939	33,144,067
INVESTMENT TAX CREDITS	3,607,927	(30,019)	(360,235)	(300,195)
OTHER REGULATORY LIABILITIES LONG TERM	48,934,867	(410,788)	(1,038,758)	6,386,168
OTHER LIABILITIES & DEFERRED CREDITS	40,846,799	212,973	8,749,698	(5,973,571)
TOTAL OTHER LIABILITIES AND DEFERRED CREDITS	548,618,391	5,517,091	59,905,644	33,256,469
TOTAL CAPITALIZATION AND LIABILITIES	1,590,881,777	55,780,196	140,389,577	120,012,735

REPORT ID: BAL FORMAT ID: BSP

*A/R AND RELATED RESERVES HAVE BEEN SOLD TO CPRC, AND INTEREST THEREIN HAS BEEN SOLD TO A PURCHASER(S) REPRESENTED BY BTMU, AS AGENT.

DATE: 12/10/13 09:56:45

COLUMBIA GAS OF PENNSYLVANIA, INC.
BALANCE SHEET AS OF NOVEMBER 30, 2013

	CURRENT BALANCE	INC OVR PRV MTH	INC OVR SM MTH PRV YR	INC OVR DECEMBER
ASSETS				
PROPERTY, PLANT AND EQUIPMENT				
GAS UTILITY AND OTHER PLANT, @ ORIG COST	1,421,819,511	17,537,441	157,176,992	148,015,809
ACCUMULATED DEPRECIATION AND DEPLETION	328,776,862	905,288	17,053,450	16,458,522
NET PROPERTY, PLANT AND EQUIPMENT	1,093,042,649	16,632,153	140,122,542	131,557,287
CURRENT ASSETS				
CASH AND TEMPORARY CASH INVESTMENTS	2,374,683	(2,836,716)	(2,479,304)	(3,289,846)
ACCOUNTS RECEIVABLE:				
*CUSTOMERS (LESS ALLOW FOR DOUBTFUL ACCTS)	1	2	3	1
FROM ASSOCIATED COMPANIES	31,131,401	11,871,565	(20,412,968)	(24,070,313)
*OTHER	1	(2)	(3)	
GAS INVENTORY	109,368,460	(6,837,477)	26,269,014	34,546,562
OTHER INVENTORIES	541,764	(11,226)	(89,849)	(51,025)
PREPAYMENTS	7,765,126	(997,964)	(6,543)	396,030
REGULATORY ASSETS CURRENT	7,494,551	(2,442,694)	(4,939,772)	(1,780,791)
OTHER CURRENT ASSETS	272,558	42.366	(134,952)	(27,398)
TOTAL CURRENT ASSETS	154,048,475	(1,207,156)	(1,796,365)	7,503,021
INVESTMENT IN SUBSIDIARY	17,537,591	47,937	312,590	303,779
REGULATORY ASSETS LONG TERM	266,723,949	3,163,914	2,645,722	(7,592,398)
DEFERRED CHARGES AND SPECIAL DEPOSITS & FUNDS	81,638,493	3,493,532	(8,191,855)	10,370,425
TOTAL ASSETS	1,613,011,157	22,129,380	134,093,644	142,142,115
CAPITALIZATION AND LIABILITIES				
CAPITALIZATION				
COMMON STOCK EQUITY				
COMMON STOCK, AT PAR VALUE	45,127,802			
ADDITIONAL PAID IN CAPITAL	7,686,976		7,399	7,399
OTHER COMPREHENSIVE INCOME-	4			
RETAINED EARNINGS	408,502,896	9,646,671	42,904,771	34,903,249
TOTAL COMMON STOCK EQUITY	461,317,678	9,646,671	42,912,170	34,910,648
LONG-TERM DEBT				
INSTALLMENT PROMISSORY NOTES AND LOANS	379,390,006		999,999	22,999,998
TOTAL CAPITALIZATION	840,707,684	9,646,671	43,912,169	57,910,646
CURRENT LIABILITIES				
CURRENT MATURITIES OF LONG-TERM DEBT				
ACCOUNTS PAYABLE	34,466,983	17,219,662	15,644,551	5,829,071
ACCOUNTS PAYABLE TO ASSOCIATED COMPANIES	87,877,753	2,305,698	66,816,682	53,697,799
ACCRUED TAXES	(7,215,288)	(4,665,831)	(10,267,560)	(8,616,484)
ACCRUED INTEREST	322,338	10,227	(44,080)	(27,785)
ESTIMATED RATE REFUNDS	2,265,117	(4,040,150)	2,265,063	2,265,063
DEFERRED INCOME TAXES	3,849,683	(297,790)	(9,420,076)	(4,114,440)
OTHER CURRENT LIABILITIES	88,902,413	(11,265,290)	(29,508,840)	(11,274,487)
TOTAL CURRENT LIABILITIES	210,468,899	(733,474)	35,485,740	37,758,817
OTHER LIABILITIES AND DEFERRED CREDITS				
INCOME TAXES, NONCURRENT	469,379,993	14,146,195	45,863,498	47,290,262
INVESTMENT TAX CREDITS	3,572,907	(30,020)	(360,235)	(330,215)
OTHER REGULATORY LIABILITIES LONG TERM	49,184,531	249,664	1,304,819	6,635,832
OTHER LIABILITIES & DEFERRED CREDITS	39,697,143	(1,149,656)	7,887,653	(7,123,227)
TOTAL OTHER LIABILITIES AND DEFERRED CREDITS	561,834,574	13,216,183	54,695,735	46,472,652
TOTAL CAPITALIZATION AND LIABILITIES	1,613,011,157	22,129,380	134,093,644	142,142,115

REPORT ID: BAL FORMAT ID: BSP

*A/R AND RELATED RESERVES HAVE BEEN SOLD TO CPRC, AND INTEREST THEREIN HAS BEEN SOLD TO A PURCHASER(S) REPRESENTED BY BTMU, AS AGENT.

COLUMBIA GAS OF PENNSYLVANIA, INC.
BALANCE SHEET AS OF DECEMBER 31, 2013

	CURRENT BALANCE	INC OVR PRV MTH	INC OVR SM MTH PRV YR	INC OVR DECEMBER
ASSETS				
PROPERTY, PLANT AND EQUIPMENT				
GAS UTILITY AND OTHER PLANT, @ ORIG COST	1,433,812,765	11,993,254	160,009,063	160,009,063
ACCUMULATED DEPRECIATION AND DEPLETION	328,786,953	10,091	16,468,613	16,468,613
NET PROPERTY, PLANT AND EQUIPMENT	1,105,025,812	11,983,163	143,540,450	143,540,450
CURRENT ASSETS				
CASH AND TEMPORARY CASH INVESTMENTS	2,010,573	(364,020)	(3,573,876)	(3,573,876)
ACCOUNTS RECEIVABLE:				
*CUSTOMERS (LESS ALLOW FOR DOUBTFUL ACCTS)	1		1	1
FROM ASSOCIATED COMPANIES	50,267,382	19,135,981	(4,934,332)	(4,934,332)
*OTHER	1			
GAS INVENTORY	87,496,567	(21,871,893)	14,374,670	14,374,670
OTHER INVENTORIES	616,360	(25,404)	(76,429)	(76,429)
PREPAYMENTS	2,342,015	(423,121)	(27,091)	(27,091)
REGULATORY ASSETS CURRENT	6,920,425	(574,126)	(2,355,117)	(2,355,117)
OTHER CURRENT ASSETS	473,246	200,688	173,290	173,290
TOTAL CURRENT ASSETS	150,126,570	(3,921,905)	3,581,116	3,581,116
INVESTMENT IN SUBSIDIARY	17,606,327	48,736	352,515	352,515
REGULATORY ASSETS LONG TERM	264,131,946	(2,592,003)	(10,184,401)	(10,184,401)
DEFERRED CHARGES AND SPECIAL DEPOSITS & FUNDS	82,163,837	525,344	10,895,770	10,895,770
TOTAL ASSETS	1,619,054,492	6,043,335	148,185,450	148,185,450
CAPITALIZATION AND LIABILITIES				
CAPITALIZATION				
COMMON STOCK EQUITY				
COMMON STOCK, AT PAR VALUE	45,127,802			
ADDITIONAL PAID IN CAPITAL	7,686,977	1	7,400	7,400
OTHER COMPREHENSIVE INCOME-	4			
RETAINED EARNINGS	422,051,995	13,549,099	48,452,348	48,452,348
TOTAL COMMON STOCK EQUITY	474,866,778	13,549,100	48,459,748	48,459,748
LONG-TERM DEBT				
INSTALLMENT PROMISSORY NOTES AND LOANS	411,390,006	32,000,000	54,999,998	54,999,998
TOTAL CAPITALIZATION	886,256,784	45,549,100	103,459,746	103,459,746
CURRENT LIABILITIES				
CURRENT MATURITIES OF LONG-TERM DEBT				
ACCOUNTS PAYABLE	33,220,075	(1,746,908)	4,582,163	4,582,163
ACCOUNTS PAYABLE TO ASSOCIATED COMPANIES	55,393,336	(32,494,417)	21,213,382	21,213,382
ACCRUED TAXES	2,276,163	9,491,491	875,007	875,007
ACCRUED INTEREST	328,373	6,035	(21,750)	(21,750)
ESTIMATED RATE REFUNDS	1,268,833	(996,284)	1,268,779	1,268,779
DEFERRED INCOME TAXES	4,119,530	269,647	(3,844,593)	(3,844,593)
OTHER CURRENT LIABILITIES	73,037,958	(15,864,455)	(27,138,862)	(27,138,862)
TOTAL CURRENT LIABILITIES	169,644,208	(40,824,591)	(3,065,874)	(3,065,874)
OTHER LIABILITIES AND DEFERRED CREDITS				
INCOME TAXES, NONCURRENT	481,681,684	12,301,891	59,592,153	59,592,153
INVESTMENT TAX CREDITS	3,542,887	(30,020)	(360,235)	(360,235)
OTHER REGULATORY LIABILITIES LONG TERM	59,115,728	9,931,197	16,567,029	16,567,029
OTHER LIABILITIES & DEFERRED CREDITS	18,913,001	(20,884,142)	(28,007,369)	(28,007,369)
TOTAL OTHER LIABILITIES AND DEFERRED CREDITS	563,153,500	1,318,326	47,791,578	47,791,578
TOTAL CAPITALIZATION AND LIABILITIES	1,619,054,492	6,043,335	148,185,450	148,185,450

REPORT ID: BAL FORMAT ID: BSP
*A/R AND RELATED RESERVES HAVE BEEN SOLD TO CPRC, AND INTEREST THEREIN HAS BEEN SOLD TO A PURCHASER(S) REPRESENTED BY BTMU, AS AGENT.

COLUMBIA GAS OF PENNSYLVANIA, INC.
BALANCE SHEET AS OF JANUARY 31, 2014

	CURRENT BALANCE	INC OVR PRV MTH	INC OVR SM MTH PRV YR	INC OVR DECEMBER
ASSETS				
PROPERTY, PLANT AND EQUIPMENT				
GAS UTILITY AND OTHER PLANT, @ ORIG COST	1,442,904,294	9,091,529	163,833,461	9,091,529
ACCUMULATED DEPRECIATION AND DEPLETION	331,178,024	2,391,071	17,113,345	2,391,071
NET PROPERTY, PLANT AND EQUIPMENT	1,111,726,270	6,700,458	146,720,116	6,700,458
CURRENT ASSETS				
CASH AND TEMPORARY CASH INVESTMENTS	2,195,183	184,610	(3,958,613)	184,610
ACCOUNTS RECEIVABLE:				
*CUSTOMERS (LESS ALLOW FOR DOUBTFUL ACCTS)	1			
FROM ASSOCIATED COMPANIES	62,767,285	12,499,903	(11,467,944)	12,499,903
*OTHER	1			
GAS INVENTORY	60,720,702	(26,775,865)	8,378,421	(26,775,865)
OTHER INVENTORIES	615,518	(842)	(71,239)	(842)
PREPAYMENTS	1,964,517	(377,498)	(22,925)	(377,498)
REGULATORY ASSETS CURRENT	4,577,099	(2,343,326)	(4,537,244)	(2,343,326)
OTHER CURRENT ASSETS	1,553,321	1,080,075	805,933	1,080,075
TOTAL CURRENT ASSETS	134,393,627	(15,732,943)	(10,273,513)	(15,732,943)
INVESTMENT IN SUBSIDIARY	17,704,473	98,146	415,210	98,146
REGULATORY ASSETS LONG TERM	257,587,184	(6,544,762)	(15,999,416)	(6,544,762)
DEFERRED CHARGES AND SPECIAL DEPOSITS & FUNDS	76,323,912	(5,839,925)	8,625,561	(5,839,925)
TOTAL ASSETS	1,597,735,466	(21,319,026)	128,886,058	(21,319,026)
CAPITALIZATION AND LIABILITIES				
CAPITALIZATION				
COMMON STOCK EQUITY				
COMMON STOCK, AT PAR VALUE	45,127,802			
ADDITIONAL PAID IN CAPITAL	7,686,977		7,400	
OTHER COMPREHENSIVE INCOME-	4			
RETAINED EARNINGS	442,517,664	20,465,669	57,235,935	20,465,669
TOTAL COMMON STOCK EQUITY	495,332,447	20,465,669	57,243,335	20,465,669
LONG-TERM DEBT				
INSTALLMENT PROMISSORY NOTES AND LOANS	411,390,006		54,999,998	
TOTAL CAPITALIZATION	906,722,453	20,465,669	112,243,333	20,465,669
CURRENT LIABILITIES				
CURRENT MATURITIES OF LONG-TERM DEBT				
ACCOUNTS PAYABLE	48,532,071	15,311,996	21,724,380	15,311,996
ACCOUNTS PAYABLE TO ASSOCIATED COMPANIES	14,820,987	(40,572,349)	(20,816,443)	(40,572,349)
ACCRUED TAXES	15,190,864	12,914,761	12,116,676	12,914,761
ACCRUED INTEREST	286,091	(42,282)	(24,193)	(42,282)
ESTIMATED RATE REFUNDS	279,854	(988,979)	279,800	(988,979)
DEFERRED INCOME TAXES	2,321,227	(1,798,303)	(5,752,387)	(1,798,303)
OTHER CURRENT LIABILITIES	58,967,077	(14,070,881)	(22,395,154)	(14,070,881)
TOTAL CURRENT LIABILITIES	140,398,171	(29,246,037)	(14,867,321)	(29,246,037)
OTHER LIABILITIES AND DEFERRED CREDITS				
INCOME TAXES, NONCURRENT	477,208,075	(4,473,809)	51,590,580	(4,473,809)
INVESTMENT TAX CREDITS	3,512,867	(30,020)	(360,235)	(30,020)
OTHER REGULATORY LIABILITIES LONG TERM	51,580,278	(7,535,450)	8,159,885	(7,535,450)
OTHER LIABILITIES & DEFERRED CREDITS	18,313,622	(499,379)	(27,880,184)	(499,379)
TOTAL OTHER LIABILITIES AND DEFERRED CREDITS	550,614,842	(12,538,658)	31,510,046	(12,538,658)
TOTAL CAPITALIZATION AND LIABILITIES	1,597,735,466	(21,319,026)	128,886,058	(21,319,026)

REPORT ID: BAL FORMAT ID: BSP

*A/R AND RELATED RESERVES HAVE BEEN SOLD TO CPRC, AND INTEREST THEREIN HAS BEEN SOLD TO A PURCHASER(S) REPRESENTED BY BTMU, AS AGENT.

COLUMBIA GAS OF PENNSYLVANIA, INC.
BALANCE SHEET AS OF FEBRUARY 28, 2014

	CURRENT BALANCE	INC OVR PRV MTH	INC OVR SM MTH PRV YR	INC OVR DECEMBER
ASSETS				
PROPERTY, PLANT AND EQUIPMENT				
GAS UTILITY AND OTHER PLANT, @ ORIG COST	1,452,305,505	9,401,211	170,997,728	18,492,740
ACCUMULATED DEPRECIATION AND DEPLETION	333,343,782	2,165,756	17,613,198	4,556,829
NET PROPERTY, PLANT AND EQUIPMENT	1,118,961,723	7,235,453	153,384,530	13,935,911
CURRENT ASSETS				
CASH AND TEMPORARY CASH INVESTMENTS	4,680,038	2,484,855	(12,106,450)	2,669,465
ACCOUNTS RECEIVABLE:				
*CUSTOMERS (LESS ALLOW FOR DOUBTFUL ACCTS)	2	1	2	1
FROM ASSOCIATED COMPANIES	87,098,793	24,331,508	(1,744,303)	36,831,411
*OTHER	2	1	(4,135)	1
GAS INVENTORY	39,117,780	(21,602,922)	7,409,243	(48,378,787)
OTHER INVENTORIES	613,722	(1,796)	(29,743)	(2,638)
PREPAYMENTS	2,192,197	227,680	48,930	(149,818)
REGULATORY ASSETS CURRENT	5,901,025	1,323,926	(2,259,017)	(1,019,400)
OTHER CURRENT ASSETS	1,525,735	(27,586)	926,950	1,052,483
TOTAL CURRENT ASSETS	141,129,294	6,735,667	(8,760,522)	(8,997,276)
INVESTMENT IN SUBSIDIARY	17,709,617	94,144	464,561	192,290
REGULATORY ASSETS LONG TERM	257,558,312	(28,872)	(15,479,432)	(6,573,634)
DEFERRED CHARGES AND SPECIAL DEPOSITS & FUNDS	72,911,582	(3,412,330)	17,277,968	(9,252,255)
TOTAL ASSETS	1,608,359,528	10,624,062	146,837,045	(10,694,964)
CAPITALIZATION AND LIABILITIES				
CAPITALIZATION				
COMMON STOCK EQUITY				
COMMON STOCK, AT PAR VALUE	45,127,802			
ADDITIONAL PAID IN CAPITAL	7,686,977		7,400	
OTHER COMPREHENSIVE INCOME-	4			
RETAINED EARNINGS	459,377,167	16,859,503	62,794,337	37,325,172
TOTAL COMMON STOCK EQUITY	512,191,950	16,859,503	62,801,737	37,325,172
LONG-TERM DEBT				
INSTALLMENT PROMISSORY NOTES AND LOANS	411,390,006		54,999,999	
TOTAL CAPITALIZATION	923,581,956	16,859,503	117,801,736	37,325,172
CURRENT LIABILITIES				
CURRENT MATURITIES OF LONG-TERM DEBT				
ACCOUNTS PAYABLE	52,621,900	4,089,829	27,928,984	19,401,825
ACCOUNTS PAYABLE TO ASSOCIATED COMPANIES	17,272,712	2,451,725	(22,092,561)	(39,120,624)
ACCRUED TAXES	22,708,395	7,517,521	18,350,040	20,432,282
ACCRUED INTEREST	282,850	(3,241)	(27,769)	(45,523)
ESTIMATED RATE REFUNDS	(362,669)	(642,522)	(362,722)	(1,631,501)
DEFERRED INCOME TAXES	3,013,868	692,641	(4,767,776)	(1,105,662)
OTHER CURRENT LIABILITIES	37,605,024	(21,362,053)	(9,966,632)	(35,432,934)
TOTAL CURRENT LIABILITIES	133,142,071	(7,256,100)	9,161,564	(36,502,137)
OTHER LIABILITIES AND DEFERRED CREDITS				
INCOME TAXES, NONCURRENT	479,260,206	2,052,131	51,249,034	(2,421,678)
INVESTMENT TAX CREDITS	3,482,648	(30,019)	(360,234)	(60,039)
OTHER REGULATORY LIABILITIES LONG TERM	50,820,428	(759,850)	(3,366,016)	(8,295,300)
OTHER LIABILITIES & DEFERRED CREDITS	18,072,019	(241,603)	(27,649,039)	(740,982)
TOTAL OTHER LIABILITIES AND DEFERRED CREDITS	551,635,501	1,020,659	19,873,745	(11,517,999)
TOTAL CAPITALIZATION AND LIABILITIES	1,608,359,528	10,624,062	146,837,045	(10,694,964)

REPORT ID: BAL FORMAT ID: BSP

*A/R AND RELATED RESERVES HAVE BEEN SOLD TO CPRC. AND INTEREST THEREIN HAS BEEN SOLD TO A PURCHASER(S) REPRESENTED BY BTMU, AS AGENT.

DATE: 04/10/14 09:10:24

COLUMBIA GAS OF PENNSYLVANIA, INC.
BALANCE SHEET AS OF MARCH 31, 2014

	CURRENT BALANCE	INC OVR PRV MTH	INC OVR SM MTH PRV YR	INC OVR DECEMBER
ASSETS				
PROPERTY, PLANT AND EQUIPMENT				
GAS UTILITY AND OTHER PLANT, @ ORIG COST	1,466,494,674	14,189,169	176,824,891	32,681,909
ACCUMULATED DEPRECIATION AND DEPLETION	335,707,170	2,363,388	18,186,881	6,920,217
NET PROPERTY, PLANT AND EQUIPMENT	1,130,787,504	11,825,781	158,638,010	25,761,692
CURRENT ASSETS				
CASH AND TEMPORARY CASH INVESTMENTS	3,196,907	(1,483,131)	(1,937,895)	1,186,354
ACCOUNTS RECEIVABLE:				
*CUSTOMERS (LESS ALLOW FOR DOUBTFUL ACCTS)	2		2	1
FROM ASSOCIATED COMPANIES	87,494,043	395,250	(35,675,376)	37,226,661
*OTHER	19,464	19,462	19,461	19,463
GAS INVENTORY	24,930,033	(14,187,747)	9,363,194	(62,566,534)
OTHER INVENTORIES	603,277	(10,445)	(49,558)	(13,083)
PREPAYMENTS	1,657,659	(534,538)	(50,075)	(684,356)
REGULATORY ASSETS CURRENT	6,890,032	989,007	(2,896,816)	(30,393)
OTHER CURRENT ASSETS	6,366,186	4,840,451	3,303,963	5,892,540
TOTAL CURRENT ASSETS	131,157,603	(9,971,691)	(27,923,100)	(18,968,957)
INVESTMENT IN SUBSIDIARY	17,862,288	63,671	506,596	255,951
REGULATORY ASSETS LONG TERM	257,588,614	30,302	(10,237,035)	(6,543,332)
DEFERRED CHARGES AND SPECIAL DEPOSITS & FUNDS	65,766,893	(7,144,689)	20,789,462	(16,396,944)
TOTAL ASSETS	1,603,162,902	(5,196,626)	141,773,933	(15,891,590)
CAPITALIZATION AND LIABILITIES				
CAPITALIZATION				
COMMON STOCK EQUITY				
COMMON STOCK, AT PAR VALUE	45,127,802			
ADDITIONAL PAID IN CAPITAL	7,686,977		7,400	
OTHER COMPREHENSIVE INCOME-	4			
RETAINED EARNINGS	471,422,811	12,045,644	65,670,533	49,370,816
TOTAL COMMON STOCK EQUITY	524,237,594	12,045,644	65,677,933	49,370,816
LONG-TERM DEBT				
INSTALLMENT PROMISSORY NOTES AND LOANS	411,399,006		54,999,999	
TOTAL CAPITALIZATION	935,637,600	12,045,644	120,677,932	49,370,816
CURRENT LIABILITIES				
CURRENT MATURITIES OF LONG-TERM DEBT				
ACCOUNTS PAYABLE	41,502,358	(11,119,542)	20,850,981	8,282,283
ACCOUNTS PAYABLE TO ASSOCIATED COMPANIES	19,024,749	1,752,057	(21,068,915)	(36,358,583)
ACCRUED TAXES	21,876,952	(831,433)	13,359,404	19,000,819
ACCRUED INTEREST	294,365	11,515	(26,571)	(34,008)
ESTIMATED RATE REFUNDS	103,757	466,425	103,703	(1,155,076)
DEFERRED INCOME TAXES	3,153,728	139,860	(3,733,530)	(965,302)
OTHER CURRENT LIABILITIES	30,172,739	(7,432,295)	(12,515,350)	(42,865,219)
TOTAL CURRENT LIABILITIES	116,128,643	(17,013,423)	(1,031,879)	(53,315,560)
OTHER LIABILITIES AND DEFERRED CREDITS				
INCOME TAXES, NONCURRENT	481,260,953	2,000,747	50,441,546	(420,931)
INVESTMENT TAX CREDITS	3,452,828	(20,020)	(360,235)	(90,059)
OTHER REGULATORY LIABILITIES LONG TERM	48,078,409	(2,742,020)	(2,761,403)	(11,037,320)
OTHER LIABILITIES & DEFERRED CREDITS	18,614,465	542,446	(25,192,028)	(198,536)
TOTAL OTHER LIABILITIES AND DEFERRED CREDITS	551,406,654	(228,847)	22,127,880	(11,746,846)
TOTAL CAPITALIZATION AND LIABILITIES	1,603,162,902	(5,196,626)	141,773,933	(15,891,590)

REPORT ID: BAL FORMAT ID: BSP

PAGE 1

*A/R AND RELATED RESERVES HAVE BEEN SOLD TO CPRC, AND INTEREST THEREIN HAS BEEN SOLD TO A PURCHASER(S) REPRESENTED BY BTMU, AS AGENT.

Columbia Gas of Pennsylvania
Balance Sheet - Regulated
Regulated - Account FERC Hierarchy
As of Apr - 2014
FDW Standard Report - For Internal Use Only

	Month: *Apr - 2014*	Previous Month	Variance	Month: *Apr - 2014*	December of Previous Year	Variance
ASSETS						
Utility Plant						
Utility Plant	$1,452,381,077.72	$1,425,988,767.01	$26,392,310.71	$1,452,381,077.72	$1,408,358,922.66	$44,022,155.06
CWIP	$28,114,485.89	$39,602,329.73	($11,487,843.84)	$28,114,485.89	$24,550,264.67	$3,564,221.22
Total Utility Plant	**$1,480,495,563.61**	**$1,465,591,096.74**	**$14,904,466.87**	**$1,480,495,563.61**	**$1,432,909,187.33**	**$47,586,376.28**
Accum Prov - Amort and Depr	($337,057,166.06)	($335,543,920.48)	($1,513,245.58)	($337,057,166.06)	($328,623,701.85)	($8,433,464.21)
Net Utility Plant	**$1,143,438,397.55**	**$1,130,047,176.26**	**$13,391,221.29**	**$1,143,438,397.55**	**$1,104,285,485.48**	**$39,152,912.07**
Other Plant Adjustments	-	-	-	-	-	-
Gas Store Underground	$895,339.06	$895,339.06	$0.00	$895,339.06	$895,339.06	$0.00
System Balancing Gas	($163,466.81)	($163,466.81)	$0.00	($163,466.81)	($163,466.81)	$0.00
Gas Store Undergrd_SysBal	$731,872.25	$731,872.25	$0.00	$731,872.25	$731,872.25	$0.00
Utility Plant	**$1,144,170,269.80**	**$1,130,779,048.51**	**$13,391,221.29**	**$1,144,170,269.80**	**$1,105,017,357.73**	**$39,152,912.07**
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	$17,954,427.61	$17,862,332.89	$92,094.72	$17,954,427.61	$17,606,369.13	$348,058.48
Other Investments	-	-	-	-	-	-
Sinking Fund	-	-	-	-	-	-
Other Special Funds	-	-	-	-	-	-
Other Property and Investments	**$17,962,774.10**	**$17,870,679.38**	**$92,094.72**	**$17,962,774.10**	**$17,614,715.62**	**$348,058.48**
Current and Accrued Assets						
Cash	$2,304,315.45	$3,054,616.13	($750,300.68)	$2,304,315.45	$1,856,421.39	$447,894.06
Special Deposits	$17,500.00	$0.00	$17,500.00	$17,500.00	$0.00	$17,500.00
Working Funds	$3,050.00	$3,050.00	$0.00	$3,050.00	$3,350.00	($300.00)
Temp Cash Investments	$98,764.34	$139,292.43	($40,528.09)	$98,764.34	$150,855.00	($52,090.66)
Notes Receivable	$0.00	($66.00)	$66.00	$0.00	($68.00)	$68.00
Customer Accounts Receivable	$0.00	($4.29)	$4.29	$0.00	($1.22)	$1.22
Other Accounts Receivable	$0.00	$19,424.86	($19,424.86)	$0.00	($38.65)	$38.65
Accum Prov Uncollectible - Cr	$0.00	($18.18)	$18.18	$0.00	($18.98)	$18.98
NR from Associated Cos	$10,145,472.54	$29,241,962.00	($19,096,489.46)	$10,145,472.54	$50,121,307.00	($39,975,834.46)
AR from Associated Cos	$67,735,202.69	$58,252,292.09	$9,482,910.60	$67,735,202.69	$146,287.22	$67,588,915.47
Fuel Stock	-	-	-	-	-	-
Fule Stock Expenses Undistrib	-	-	-	-	-	-
Residuals & Extracted Products	-	-	-	-	-	-
Plant Materials & Supplies	$603,430.34	$603,260.86	$169.48	$603,430.34	$616,344.95	($12,914.61)
Merchandise	-	-	-	-	-	-
Allowances	-	-	-	-	-	-
Stores Exp Undistributed	-	-	-	-	-	-
Gas Stored Underground - Curr	$36,256,948.80	$24,930,011.04	$11,326,937.76	$36,256,948.80	$87,496,543.99	($51,239,595.19)
LNG Stored & Held for Process	-	-	-	-	-	-
Prepayments	$2,048,015.95	$1,657,554.65	$390,461.30	$2,048,015.95	$2,341,910.47	($293,894.52)
Interest & Dividends Rec	$0.00	$83.00	($83.00)	$0.00	$83.00	($83.00)
Rent Receivable	-	-	-	-	-	-
Accrued Utility Revenues	$0.00	$23.00	($23.00)	$0.00	$20.24	($20.24)
Misc Current & Accrued Assets	$10,576,492.17	$5,778,596.82	$4,797,895.35	$10,576,492.17	$253,538.63	$10,322,953.54
Derivative Instrument Assets	$1,447,490.00	$587,580.00	$859,910.00	$1,447,490.00	$278,170.00	$1,169,320.00
Derivative Assets - Hedging	-	-	-	-	-	-
Current and Accrued Assets	**$131,236,682.28**	**$124,267,658.41**	**$6,969,023.87**	**$131,236,682.28**	**$143,264,705.04**	**($12,028,022.76)**
Deferred Debits						
Unamortized Debt Expense	-	-	-	-	-	-
Extraordinary Property Loss	-	-	-	-	-	-
Other Regulatory Asset	$265,766,926.88	$264,478,674.70	$1,288,252.18	$265,766,926.88	$270,993,929.01	($5,227,002.13)
Preliminary Surveys	$2,933,110.27	$3,018,832.37	($85,722.10)	$2,933,110.27	$2,739,364.30	$193,745.97
Clearing Accounts	$0.00	($256,507.13)	$256,507.13	$0.00	$0.00	$0.00
Miscellaneous Deferred Debits	$7,873,973.34	$7,341,767.99	$532,205.35	$7,873,973.34	$7,219,475.64	$654,497.70
Research & Development Expense	-	-	-	-	-	-
Unamort Loss Reacquired Debt	-	-	-	-	-	-
Accum Deferred Income Taxes	$68,283,974.84	$65,554,498.27	$2,729,476.57	$68,283,974.84	$69,803,829.24	($1,519,854.40)
Unrecovered Purchase Gas Costs	($15,741,375.25)	($9,891,759.78)	($5,849,615.47)	($15,741,375.25)	$2,401,105.28	($18,142,480.53)
Deferred Debits	**$329,116,610.08**	**$330,245,506.42**	**($1,128,896.34)**	**$329,116,610.08**	**$353,157,703.47**	**($24,041,093.39)**

Assets and Other Debits	$1,622,486,336.26	$1,603,162,892.72	$19,323,443.54	$1,622,486,336.26	$1,619,054,481.86	$3,431,854.40
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	$7,686,976.00	$7,686,976.00	$0.00	$7,686,976.00	$7,686,976.00	$0.00
Capital Stock Expense	-	-	-	-	-	-
Retained Earnings	$476,440,325.07	$471,422,863.30	$5,017,461.77	$476,440,325.07	$422,052,046.54	$54,388,278.53
Unapprop Undistrib Sub Earning	-	-	-	-	-	-
Reacquired Capital Stock	-	-	-	-	-	-
Accumulated OCI	-	-	-	-	-	-
Proprietary Capital	**$529,255,101.07**	**$524,237,639.30**	**$5,017,461.77**	**$529,255,101.07**	**$474,866,822.54**	**$54,388,278.53**
Long Term Debt						
Bonds	-	-	-	-	-	-
Advances from Associated Cos	$411,390,000.00	$411,390,000.00	$0.00	$411,390,000.00	$411,390,000.00	$0.00
Other Long Term Debt	-	-	-	-	-	-
Unamortized Premium on LTD	-	-	-	-	-	-
Unamortized Discount on LTD	-	-	-	-	-	-
Long Term Debt	**$411,390,000.00**	**$411,390,000.00**	**$0.00**	**$411,390,000.00**	**$411,390,000.00**	**$0.00**
Other Noncurrent Liabilities						
Obligations - Cap Leases - NC	$2,162,085.98	$2,165,897.96	($3,811.98)	$2,162,085.98	$2,177,034.16	($14,948.18)
Accum Prov - Property Ins	-	-	-	-	-	-
Accum Prov - Injuries & Damage	$65,624.00	$70,953.00	($5,329.00)	$65,624.00	$83,669.00	($18,045.00)
Accum Prov - Pension & Benefit	($1,897,048.08)	($1,598,743.73)	($298,304.35)	($1,897,048.08)	($793,005.00)	($1,104,043.08)
Accum Misc Operating Provision	$1,145,449.00	$1,145,449.00	$0.00	$1,145,449.00	$987,534.00	$157,915.00
Provision for Rate Refunds	-	-	-	-	-	-
Asset Retirement Obligations	-	-	-	-	-	-
Other Noncurrent Liabilities	**$1,476,110.90**	**$1,783,556.23**	**($307,445.33)**	**$1,476,110.90**	**$2,455,232.16**	**($979,121.26)**
Current and Accrued Liabilities						
Curr Portion of Long-Term Debt	-	-	-	-	-	-
Notes Payable	-	-	-	-	-	-
Accounts Payable	$47,167,996.94	$41,502,384.21	$5,665,612.73	$47,167,996.94	$33,220,100.99	$13,947,895.95
NP to Associated Cos	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
AP to Associated Cos	$19,294,177.58	$19,028,881.87	$265,295.71	$19,294,177.58	$55,401,474.33	($36,107,296.75)
Customer Deposits	$3,050,755.68	$3,093,132.68	($42,377.00)	$3,050,755.68	$3,334,765.00	($284,009.32)
Taxes Accrued	$23,360,847.09	$21,876,925.13	$1,483,921.96	$23,360,847.09	$2,276,076.73	$21,084,770.36
Interest Accrued	$304,866.49	$294,446.31	$10,420.18	$304,866.49	$328,454.44	($23,587.95)
Dividends Declared	-	-	-	-	-	-
Tax Collections Payable	$376,687.82	$711,914.90	($335,227.08)	$376,687.82	$505,780.24	($129,092.42)
Misc Current & Accrued Liab	$16,950,183.38	$13,322,539.67	$3,627,643.71	$16,950,183.38	$66,303,723.32	($49,353,539.94)
Obligation Cap Lease - Current	$42,559.69	$41,996.99	$562.70	$42,559.69	$48,732.57	($6,172.88)
Derivative Liability	$282,370.00	$280,974.00	$1,396.00	$282,370.00	$367,390.00	($85,020.00)
Derivative Liability - Hedge	-	-	-	-	-	-
Current & Accrued Liabilities	**$110,830,444.67**	**$100,153,195.76**	**$10,677,248.91**	**$110,830,444.67**	**$161,786,497.62**	**($50,956,052.95)**
Deferred Credits						
Customer Adv. for Construction	$7,698,544.33	$7,675,215.72	$23,328.61	$7,698,544.33	$7,074,911.20	$623,633.13
Acc Defd Investment Tax Credit	$3,422,744.00	$3,452,764.00	($30,020.00)	$3,422,744.00	$3,542,824.00	($120,080.00)
Other Deferred Credits	$8,537,337.22	$9,151,543.39	($614,206.17)	$8,537,337.22	$9,148,344.63	($611,007.41)
Other Regulatory Liabilities	$60,709,312.73	$60,904,220.86	($194,908.13)	$60,709,312.73	$62,988,360.36	($2,279,047.63)
Accum Defer Inc Tax - Oth Prop	$475,178,772.76	$472,745,815.63	$2,432,957.13	$475,178,772.76	$473,482,486.43	$1,696,286.33
Accum Defer Inc Tax - Other	$13,987,968.58	$11,668,941.83	$2,319,026.75	$13,987,968.58	$12,319,002.92	$1,668,965.66
Deferred Credits	**$569,534,679.62**	**$565,598,501.43**	**$3,936,178.19**	**$569,534,679.62**	**$568,555,929.54**	**$978,750.08**
Total Liabilities and Equity	**$1,622,486,336.26**	**$1,603,162,892.72**	**$19,323,443.54**	**$1,622,486,336.26**	**$1,619,054,481.86**	**$3,431,854.40**

Columbia Gas of Pennsylvania
Balance Sheet - Regulated
Regulated - Account FERC Hierarchy
As of May - 2014
FDW Standard Report - For Internal Use Only

	Month: *May - 2014*	Previous Month	Variance	Month: *May - 2014*	December of Previous Year	Variance
ASSETS						
Utility Plant						
Utility Plant	$1,474,609,982.82	$1,452,381,077.72	$22,228,905.10	$1,474,609,982.82	$1,408,358,922.66	$66,251,060.16
CWIP	$25,669,767.74	$28,114,485.89	($2,444,718.15)	$25,669,767.74	$24,550,264.67	$1,119,503.07
Total Utility Plant	**$1,500,279,750.56**	**$1,480,495,563.61**	**$19,784,186.95**	**$1,500,279,750.56**	**$1,432,909,187.33**	**$67,370,563.23**
Accum Prov - Amort and Depr	($338,920,866.65)	($337,057,166.06)	($1,863,700.59)	($338,920,866.65)	($328,623,701.85)	($10,297,164.80)
Net Utility Plant	**$1,161,358,883.91**	**$1,143,438,397.55**	**$17,920,486.36**	**$1,161,358,883.91**	**$1,104,285,485.48**	**$57,073,398.43**
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	**$1,162,090,756.16**	**$1,144,170,269.80**	**$17,920,486.36**	**$1,162,090,756.16**	**$1,105,017,357.73**	**$57,073,398.43**
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	$17,982,560.99	$17,954,427.61	$28,133.38	$17,982,560.99	$17,606,369.13	$376,191.86
Other Investments	-	-	-	-	-	-
Sinking Fund	-	-	-	-	-	-
Other Special Funds	-	-	-	-	-	-
Other Property and Investments	**$17,990,907.48**	**$17,962,774.10**	**$28,133.38**	**$17,990,907.48**	**$17,614,715.62**	**$376,191.86**
Current and Accrued Assets						
Cash	$1,312,566.51	$2,304,315.45	($991,748.94)	$1,312,566.51	$1,856,421.39	($543,854.88)
Special Deposits	$17,500.00	$17,500.00	$0.00	$17,500.00	$0.00	$17,500.00
Working Funds	$3,050.00	$3,050.00	$0.00	$3,050.00	$3,350.00	($300.00)
Temp Cash Investments	$876,660.12	$98,764.34	$777,895.78	$876,660.12	$150,855.00	$725,805.12
Notes Receivable	$0.00	$0.00	$0.00	$0.00	($68.00)	$68.00
Customer Accounts Receivable	($0.04)	$0.00	($0.04)	($0.04)	($1.22)	$1.18
Other Accounts Receivable	$317,827.13	$0.00	$317,827.13	$317,827.13	($38.65)	$317,865.78
Accum Prov Uncollectible - Cr	($0.19)	$0.00	($0.19)	($0.19)	($18.98)	$18.79
NR from Associated Cos	$30,653,480.00	$10,145,472.54	$20,508,007.46	$30,653,480.00	$50,121,307.00	($19,467,827.00)
AR from Associated Cos	$10,022,385.96	$67,735,202.69	($57,712,816.73)	$10,022,385.96	$146,287.22	$9,876,098.74
Fuel Stock	-	-	-	-	-	-
Fule Stock Expenses Undistrib	-	-	-	-	-	-
Residuals & Extracted Products	-	-	-	-	-	-
Plant Materials & Supplies	$626,725.66	$603,430.34	$23,295.32	$626,725.66	$616,344.95	$10,380.71
Merchandise	-	-	-	-	-	-
Allowances	-	-	-	-	-	-
Stores Exp Undistributed	-	-	-	-	-	-
Gas Stored Underground - Curr	$58,140,075.74	$36,256,948.80	$21,883,126.94	$58,140,075.74	$87,496,543.99	($29,356,468.25)
LNG Stored & Held for Process	-	-	-	-	-	-
Prepayments	$803,222.61	$2,048,015.95	($1,244,793.34)	$803,222.61	$2,341,910.47	($1,538,687.86)
Interest & Dividends Rec	$0.00	$0.00	$0.00	$0.00	$83.00	($83.00)
Rent Receivable	-	-	-	-	-	-
Accrued Utility Revenues	($0.20)	$0.00	($0.20)	($0.20)	$20.24	($20.44)
Misc Current & Accrued Assets	$12,177,102.17	$10,576,492.17	$1,600,610.00	$12,177,102.17	$253,538.63	$11,923,563.54
Derivative Instrument Assets	$599,790.00	$1,447,490.00	($847,700.00)	$599,790.00	$278,170.00	$321,620.00
Derivative Assets - Hedging	-	-	-	-	-	-
Current and Accrued Assets	**$115,550,385.47**	**$131,236,682.28**	**($15,686,296.81)**	**$115,550,385.47**	**$143,264,705.04**	**($27,714,319.57)**
Deferred Debits						
Unamortized Debt Expense	-	-	-	-	-	-
Extraordinary Property Loss	-	-	-	-	-	-
Other Regulatory Asset	$266,108,604.62	$265,766,926.88	$341,677.74	$266,108,604.62	$270,993,929.01	($4,885,324.39)
Preliminary Surveys	$2,827,437.59	$2,933,110.27	($105,672.68)	$2,827,437.59	$2,739,364.30	$88,073.29
Clearing Accounts	($1,969.36)	$0.00	($1,969.36)	($1,969.36)	$0.00	($1,969.36)
Miscellaneous Deferred Debits	$7,835,109.42	$7,873,973.34	($38,863.92)	$7,835,109.42	$7,219,475.64	$615,633.78
Research & Development Expense	-	-	-	-	-	-
Unamort Loss Reacquired Debt	-	-	-	-	-	-
Accum Deferred Income Taxes	$68,278,752.06	$68,283,974.84	($5,222.78)	$68,278,752.06	$69,803,829.24	($1,525,077.18)
Unrecovered Purchase Gas Costs	($16,507,619.81)	($15,741,375.25)	($766,244.56)	($16,507,619.81)	$2,401,105.28	($18,908,725.09)
Deferred Debits	**$328,540,314.52**	**$329,116,610.08**	**($576,295.56)**	**$328,540,314.52**	**$353,157,703.47**	**($24,617,388.95)**
Assets and Other Debits	**$1,624,172,363.63**	**$1,622,486,336.26**	**$1,686,027.37**	**$1,624,172,363.63**	**$1,619,054,481.86**	**$5,117,881.77**

LIABILITIES AND OTHER CREDITS						
Proprietary Capital						
Common Stock FERC	$45,127,800.00	$45,127,800.00	$0.00	$45,127,800.00	$45,127,800.00	$0.00
Preferred Stock Issued	-	-	-	-	-	-
Capital Stock Subscribed	-	-	-	-	-	-
Premium on Capital Stock	-	-	-	-	-	-
Other Paid-in Capital	$7,686,976.00	$7,686,976.00	$0.00	$7,686,976.00	$7,686,976.00	$0.00
Capital Stock Expense	-	-	-	-	-	-
Retained Earnings	$475,330,982.87	$476,440,325.07	($1,109,342.20)	$475,330,982.87	$422,052,046.54	$53,278,936.33
Unapprop Undistrib Sub Earning	-	-	-	-	-	-
Reacquired Capital Stock	-	-	-	-	-	-
Accumulated OCI	-	-	-	-	-	-
Proprietary Capital	**$528,145,758.87**	**$529,255,101.07**	**($1,109,342.20)**	**$528,145,758.87**	**$474,866,822.54**	**$53,278,936.33**
Long Term Debt						
Bonds	-	-	-	-	-	-
Advances from Associated Cos	$411,390,000.00	$411,390,000.00	$0.00	$411,390,000.00	$411,390,000.00	$0.00
Other Long Term Debt	-	-	-	-	-	-
Unamortized Premium on LTD	-	-	-	-	-	-
Unamortized Discount on LTD	-	-	-	-	-	-
Long Term Debt	**$411,390,000.00**	**$411,390,000.00**	**$0.00**	**$411,390,000.00**	**$411,390,000.00**	**$0.00**
Other Noncurrent Liabilities						
Obligations - Cap Leases - NC	$2,158,222.92	$2,162,085.98	($3,863.06)	$2,158,222.92	$2,177,034.16	($18,811.24)
Accum Prov - Property Ins	-	-	-	-	-	-
Accum Prov - Injuries & Damage	$62,226.00	$65,624.00	($3,398.00)	$62,226.00	$83,669.00	($21,443.00)
Accum Prov - Pension & Benefit	($2,142,794.77)	($1,897,048.08)	($245,746.69)	($2,142,794.77)	($793,005.00)	($1,349,789.77)
Accum Misc Operating Provision	$1,145,449.00	$1,145,449.00	$0.00	$1,145,449.00	$987,534.00	$157,915.00
Provision for Rate Refunds	-	-	-	-	-	-
Asset Retirement Obligations	-	-	-	-	-	-
Other Noncurrent Liabilities	**$1,223,103.15**	**$1,476,110.90**	**($253,007.75)**	**$1,223,103.15**	**$2,455,232.16**	**($1,232,129.01)**
Current and Accrued Liabilities						
Curr Portion of Long-Term Debt	-	-	-	-	-	-
Notes Payable	-	-	-	-	-	-
Accounts Payable	$45,190,194.68	$47,167,996.94	($1,977,802.26)	$45,190,194.68	$33,220,100.99	$11,970,093.69
NP to Associated Cos	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
AP to Associated Cos	$21,655,778.14	$19,294,177.58	$2,361,600.56	$21,655,778.14	$55,401,474.33	($33,745,696.19)
Customer Deposits	$2,982,258.68	$3,050,755.68	($68,497.00)	$2,982,258.68	$3,334,765.00	($352,506.32)
Taxes Accrued	$20,398,359.07	$23,360,847.09	($2,962,488.02)	$20,398,359.07	$2,276,076.73	$18,122,282.34
Interest Accrued	$311,977.84	$304,866.49	$7,111.35	$311,977.84	$328,454.44	($16,476.60)
Dividends Declared	-	-	-	-	-	-
Tax Collections Payable	$241,739.65	$376,687.82	($134,948.17)	$241,739.65	$505,780.24	($264,040.59)
Misc Current & Accrued Liab	$21,442,053.78	$16,950,183.38	$4,491,870.40	$21,442,053.78	$66,303,723.32	($44,861,669.54)
Obligation Cap Lease - Current	$43,129.94	$42,559.69	$570.25	$43,129.94	$48,732.57	($5,602.63)
Derivative Liability	$232,883.00	$282,370.00	($49,487.00)	$232,883.00	$367,390.00	($134,507.00)
Derivative Liability - Hedge	-	-	-	-	-	-
Current & Accrued Liabilities	**$112,498,374.78**	**$110,830,444.67**	**$1,667,930.11**	**$112,498,374.78**	**$161,786,497.62**	**($49,288,122.84)**
Deferred Credits						
Customer Adv. for Construction	$7,707,806.31	$7,698,544.33	$9,261.98	$7,707,806.31	$7,074,911.20	$632,895.11
Acc Defd Investment Tax Credit	$3,392,724.00	$3,422,744.00	($30,020.00)	$3,392,724.00	$3,542,824.00	($150,100.00)
Other Deferred Credits	$9,131,286.89	$8,537,337.22	$593,949.67	$9,131,286.89	$9,148,344.63	($17,057.74)
Other Regulatory Liabilities	$59,701,792.10	$60,709,312.73	($1,007,520.63)	$59,701,792.10	$62,988,360.36	($3,286,568.26)
Accum Defer Inc Tax - Oth Prop	$477,398,637.20	$475,178,772.76	$2,219,864.44	$477,398,637.20	$473,482,486.43	$3,916,150.77
Accum Defer Inc Tax - Other	$13,582,880.33	$13,987,968.58	($405,088.25)	$13,582,880.33	$12,319,002.92	$1,263,877.41
Deferred Credits	**$570,915,126.83**	**$569,534,679.62**	**$1,380,447.21**	**$570,915,126.83**	**$568,555,929.54**	**$2,359,197.29**
Total Liabilities and Equity	**$1,624,172,363.63**	**$1,622,486,336.26**	**$1,686,027.37**	**$1,624,172,363.63**	**$1,619,054,481.86**	**$5,117,881.77**

Columbia Gas of Pennsylvania
Balance Sheet - Regulated
Regulated - Account FERC Hierarchy
As of Jun - 2014
FDW Standard Report - For Internal Use Only

	Month: *Jun - 2014*	Previous Month	Variance	Month: *Jun - 2014*	December of Previous Year	Variance
ASSETS						
Utility Plant						
Utility Plant	$1,504,298,748.90	$1,474,609,982.82	$29,688,766.08	$1,504,298,748.90	$1,408,358,922.66	$95,939,826.24
CWIP	$15,148,353.76	$25,669,767.74	($10,521,413.98)	$15,148,353.76	$24,550,264.67	($9,401,910.91)
Total Utility Plant	**$1,519,447,102.66**	**$1,500,279,750.56**	**$19,167,352.10**	**$1,519,447,102.66**	**$1,432,909,187.33**	**$86,537,915.33**
Accum Prov - Amort and Depr	($340,848,084.93)	($338,920,866.65)	($1,927,218.28)	($340,848,084.93)	($328,623,701.85)	($12,224,383.08)
Net Utility Plant	**$1,178,599,017.73**	**$1,161,358,883.91**	**$17,240,133.82**	**$1,178,599,017.73**	**$1,104,285,485.48**	**$74,313,532.25**
Other Plant Adjustments	-	-	-	-	-	-
Gas Store Underground	$895,339.06	$895,339.06	$0.00	$895,339.06	$895,339.06	$0.00
System Balancing Gas	($163,466.81)	($163,466.81)	$0.00	($163,466.81)	($163,466.81)	$0.00
Gas Store Undergrd_SysBal	$731,872.25	$731,872.25	$0.00	$731,872.25	$731,872.25	$0.00
Utility Plant	**$1,179,330,889.98**	**$1,162,090,756.16**	**$17,240,133.82**	**$1,179,330,889.98**	**$1,105,017,357.73**	**$74,313,532.25**
Other Property and Investments						
Non Utility Other Property	$8,346.49	$8,346.49	$0.00	$8,346.49	$8,346.49	$0.00
Accum Prov - Deprec Oth Plant	-	-	-	-	-	-
Investments in Associated Cos	-	-	-	-	-	-
Investments in Subsidiary Cos	$18,023,609.50	$17,982,560.99	$41,048.51	$18,023,609.50	$17,606,369.13	$417,240.37
Other Investments	-	-	-	-	-	-
Sinking Fund	-	-	-	-	-	-
Other Special Funds	-	-	-	-	-	-
Other Property and Investments	**$18,031,955.99**	**$17,990,907.48**	**$41,048.51**	**$18,031,955.99**	**$17,614,715.62**	**$417,240.37**
Current and Accrued Assets						
Cash	$2,069,189.54	$1,312,566.51	$756,623.03	$2,069,189.54	$1,856,421.39	$212,768.15
Special Deposits	$17,500.00	$17,500.00	$0.00	$17,500.00	$0.00	$17,500.00
Working Funds	$3,050.00	$3,050.00	$0.00	$3,050.00	$3,350.00	($300.00)
Temp Cash Investments	$251,805.00	$876,660.12	($624,855.12)	$251,805.00	$150,855.00	$100,950.00
Notes Receivable	$0.00	$0.00	$0.00	$0.00	($68.00)	$68.00
Customer Accounts Receivable	($0.47)	($0.04)	($0.43)	($0.47)	($1.22)	$0.75
Other Accounts Receivable	$325,651.99	$317,827.13	$7,824.86	$325,651.99	($38.65)	$325,690.64
Accum Prov Uncollectible - Cr	$90,740.09	($0.19)	$90,740.28	$90,740.09	($18.98)	$90,759.07
NR from Associated Cos	$13,245,272.92	$30,653,480.00	($17,408,207.08)	$13,245,272.92	$50,121,307.00	($36,876,034.08)
AR from Associated Cos	$138,183.52	$10,022,385.96	($9,884,202.44)	$138,183.52	$146,287.22	($8,103.70)
Fuel Stock	-	-	-	-	-	-
Fule Stock Expenses Undistrib	-	-	-	-	-	-
Residuals & Extracted Products	-	-	-	-	-	-
Plant Materials & Supplies	$626,816.25	$626,725.66	$90.59	$626,816.25	$616,344.95	$10,471.30
Merchandise	-	-	-	-	-	-
Allowances	-	-	-	-	-	-
Stores Exp Undistributed	-	-	-	-	-	-
Gas Stored Underground - Curr	$75,191,338.73	$58,140,075.74	$17,051,262.99	$75,191,338.73	$87,496,543.99	($12,305,205.26)
LNG Stored & Held for Process	-	-	-	-	-	-
Prepayments	$375,933.20	$803,222.61	($427,289.41)	$375,933.20	$2,341,910.47	($1,965,977.27)
Interest & Dividends Rec	$0.00	$0.00	$0.00	$0.00	$83.00	($83.00)
Rent Receivable	-	-	-	-	-	-
Accrued Utility Revenues	$0.00	($0.20)	$0.20	$0.00	$20.24	($20.24)
Misc Current & Accrued Assets	$8,924,419.03	$12,177,102.17	($3,252,683.14)	$8,924,419.03	$253,538.63	$8,670,880.40
Derivative Instrument Assets	$433,470.00	$599,790.00	($166,320.00)	$433,470.00	$278,170.00	$155,300.00
Derivative Assets - Hedging	-	-	-	-	-	-
Current and Accrued Assets	**$101,693,369.80**	**$115,550,385.47**	**($13,857,015.67)**	**$101,693,369.80**	**$143,264,705.04**	**($41,571,335.24)**
Deferred Debits						
Unamortized Debt Expense	-	-	-	-	-	-
Extraordinary Property Loss	-	-	-	-	-	-
Other Regulatory Asset	$266,032,451.12	$266,108,604.62	($76,153.50)	$266,032,451.12	$270,993,929.01	($4,961,477.89)
Preliminary Surveys	$2,768,548.93	$2,827,437.59	($58,888.66)	$2,768,548.93	$2,739,364.30	$29,184.63
Clearing Accounts	($2,199.71)	($1,969.36)	($230.35)	($2,199.71)	$0.00	($2,199.71)
Miscellaneous Deferred Debits	$7,820,509.94	$7,835,109.42	($14,599.48)	$7,820,509.94	$7,219,475.64	$601,034.30
Research & Development Expense	-	-	-	-	-	-
Unamort Loss Reacquired Debt	-	-	-	-	-	-
Accum Deferred Income Taxes	$67,840,298.74	$68,278,752.06	($438,453.32)	$67,840,298.74	$69,803,829.24	($1,963,530.50)
Unrecovered Purchase Gas Costs	($13,462,745.52)	($16,507,619.81)	$3,044,874.29	($13,462,745.52)	$2,401,105.28	($15,863,850.80)
Deferred Debits	**$330,996,863.50**	**$328,540,314.52**	**$2,456,548.98**	**$330,996,863.50**	**$353,157,703.47**	**($22,160,839.97)**
Assets and Other Debits	**$1,630,053,079.27**	**$1,624,172,363.63**	**$5,880,715.64**	**$1,630,053,079.27**	**$1,619,054,481.86**	**$10,998,597.41**

LIABILITIES AND OTHER CREDITS						
Proprietary Capital						
Common Stock FERC	$45,127,800.00	$45,127,800.00	$0.00	$45,127,800.00	$45,127,800.00	$0.00
Preferred Stock Issued	-	-	-	-	-	-
Capital Stock Subscribed	-	-	-	-	-	-
Premium on Capital Stock	-	-	-	-	-	-
Other Paid-in Capital	$7,686,976.00	$7,686,976.00	$0.00	$7,686,976.00	$7,686,976.00	$0.00
Capital Stock Expense	-	-	-	-	-	-
Retained Earnings	$470,736,292.74	$475,330,982.87	($4,594,690.13)	$470,736,292.74	$422,052,046.54	$48,684,246.20
Unapprop Undistrib Sub Earning	-	-	-	-	-	-
Reacquired Capital Stock	-	-	-	-	-	-
Accumulated OCI	-	-	-	-	-	-
Proprietary Capital	**$523,551,068.74**	**$528,145,758.87**	**($4,594,690.13)**	**$523,551,068.74**	**$474,866,822.54**	**$48,684,246.20**
Long Term Debt						
Bonds	-	-	-	-	-	-
Advances from Associated Cos	$411,390,000.00	$411,390,000.00	$0.00	$411,390,000.00	$411,390,000.00	$0.00
Other Long Term Debt	-	-	-	-	-	-
Unamortized Premium on LTD	-	-	-	-	-	-
Unamortized Discount on LTD	-	-	-	-	-	-
Long Term Debt	**$411,390,000.00**	**$411,390,000.00**	**$0.00**	**$411,390,000.00**	**$411,390,000.00**	**$0.00**
Other Noncurrent Liabilities						
Obligations - Cap Leases - NC	$2,154,308.10	$2,158,222.92	($3,914.82)	$2,154,308.10	$2,177,034.16	($22,726.06)
Accum Prov - Property Ins	-	-	-	-	-	-
Accum Prov - Injuries & Damage	$101,871.00	$62,226.00	$39,645.00	$101,871.00	$83,669.00	$18,202.00
Accum Prov - Pension & Benefit	($611,584.12)	($2,142,794.77)	$1,531,210.65	($611,584.12)	($793,005.00)	$181,420.88
Accum Misc Operating Provision	$1,151,334.78	$1,145,449.00	$5,885.78	$1,151,334.78	$987,534.00	$163,800.78
Provision for Rate Refunds	-	-	-	-	-	-
Asset Retirement Obligations	-	-	-	-	-	-
Other Noncurrent Liabilities	**$2,795,929.76**	**$1,223,103.15**	**$1,572,826.61**	**$2,795,929.76**	**$2,455,232.16**	**$340,697.60**
Current and Accrued Liabilities						
Curr Portion of Long-Term Debt	-	-	-	-	-	-
Notes Payable	-	-	-	-	-	-
Accounts Payable	$40,406,309.97	$45,190,194.68	($4,783,884.71)	$40,406,309.97	$33,220,100.99	$7,186,208.98
NP to Associated Cos	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
AP to Associated Cos	$38,545,973.64	$21,655,778.14	$16,890,195.50	$38,545,973.64	$55,401,474.33	($16,855,500.69)
Customer Deposits	$2,978,625.68	$2,982,258.68	($3,633.00)	$2,978,625.68	$3,334,765.00	($356,139.32)
Taxes Accrued	$12,626,109.39	$20,398,359.07	($7,772,249.68)	$12,626,109.39	$2,276,076.73	$10,350,032.66
Interest Accrued	$319,764.47	$311,977.84	$7,786.63	$319,764.47	$328,454.44	($8,689.97)
Dividends Declared	-	-	-	-	-	-
Tax Collections Payable	$112,746.23	$241,739.65	($128,993.42)	$112,746.23	$505,780.24	($393,034.01)
Misc Current & Accrued Liab	$25,648,418.03	$21,442,053.78	$4,206,364.25	$25,648,418.03	$66,303,723.32	($40,655,305.29)
Obligation Cap Lease - Current	$43,707.83	$43,129.94	$577.89	$43,707.83	$48,732.57	($5,024.74)
Derivative Liability	$221,808.00	$232,883.00	($11,075.00)	$221,808.00	$367,390.00	($145,582.00)
Derivative Liability - Hedge	-	-	-	-	-	-
Current & Accrued Liabilities	**$120,903,463.24**	**$112,498,374.78**	**$8,405,088.46**	**$120,903,463.24**	**$161,786,497.62**	**($40,883,034.38)**
Deferred Credits						
Customer Adv. for Construction	$7,652,062.22	$7,707,806.31	($55,744.09)	$7,652,062.22	$7,074,911.20	$577,151.02
Acc Defd Investment Tax Credit	$3,362,704.00	$3,392,724.00	($30,020.00)	$3,362,704.00	$3,542,824.00	($180,120.00)
Other Deferred Credits	$9,213,348.34	$9,131,286.89	$82,061.45	$9,213,348.34	$9,148,344.63	$65,003.71
Other Regulatory Liabilities	$58,026,627.85	$59,701,792.10	($1,675,164.25)	$58,026,627.85	$62,988,360.36	($4,961,732.51)
Accum Defer Inc Tax - Oth Prop	$479,670,304.47	$477,398,637.20	$2,271,667.27	$479,670,304.47	$473,482,486.43	$6,187,818.04
Accum Defer Inc Tax - Other	$13,487,570.65	$13,582,880.33	($95,309.68)	$13,487,570.65	$12,319,002.92	$1,168,567.73
Deferred Credits	**$571,412,617.53**	**$570,915,126.83**	**$497,490.70**	**$571,412,617.53**	**$568,555,929.54**	**$2,856,687.99**
Total Liabilities and Equity	**$1,630,053,079.27**	**$1,624,172,363.63**	**$5,880,715.64**	**$1,630,053,079.27**	**$1,619,054,481.86**	**$10,998,597.41**

Columbia Gas of Pennsylvania
Balance Sheet - Regulated
Regulated - Account FERC Hierarchy
As of Jul - 2014
FDW Standard Report - For Internal Use Only

	Month: *Jul - 2014*	Previous Month	Variance	Month: *Jul - 2014*	December of Previous Year	Variance
ASSETS						
Utility Plant						
Utility Plant	$1,514,687,024.57	$1,504,298,748.90	$10,388,275.67	$1,514,687,024.57	$1,408,358,927.66	$106,328,101.91
CWIP	$25,042,655.77	$15,148,353.76	$9,894,302.01	$25,042,655.77	$24,550,264.67	$492,391.10
Total Utility Plant	**$1,539,729,680.34**	**$1,519,447,102.66**	**$20,282,577.68**	**$1,539,729,680.34**	**$1,432,909,187.33**	**$106,820,493.01**
Accum Prov - Amort and Depr	($342,859,669.67)	($340,848,084.93)	($2,011,584.74)	($342,859,669.67)	($328,623,701.85)	($14,235,967.82)
Net Utility Plant	**$1,196,870,010.67**	**$1,178,599,017.73**	**$18,270,992.94**	**$1,196,870,010.67**	**$1,104,285,485.48**	**$92,584,525.19**
Other Plant Adjustments	-	-	-	-	-	-
Gas Store Underground	$895,339.06	$895,339.06	$0.00	$895,339.06	$895,339.06	$0.00
System Balancing Gas	($163,466.81)	($163,466.81)	$0.00	($163,466.81)	($163,466.81)	$0.00
Gas Store Undergrd_SysBal	$731,872.25	$731,872.25	$0.00	$731,872.25	$731,872.25	$0.00
Utility Plant	**$1,197,601,882.92**	**$1,179,330,889.98**	**$18,270,992.94**	**$1,197,601,882.92**	**$1,105,017,357.73**	**$92,584,525.19**
Other Property and Investments						
Non Utility Other Property	$8,346.49	$8,346.49	$0.00	$8,346.49	$8,346.49	$0.00
Accum Prov - Deprec Oth Plant	-	-	-	-	-	-
Investments in Associated Cos	-	-	-	-	-	-
Investments in Subsidiary Cos	$18,027,749.76	$18,023,609.50	$4,140.26	$18,027,749.76	$17,606,369.13	$421,380.63
Other Investments	-	-	-	-	-	-
Sinking Fund	-	-	-	-	-	-
Other Special Funds	-	-	-	-	-	-
Other Property and Investments	**$18,036,096.25**	**$18,031,955.99**	**$4,140.26**	**$18,036,096.25**	**$17,614,715.62**	**$421,380.63**
Current and Accrued Assets						
Cash	$1,001,439.82	$2,069,189.54	($1,067,749.72)	$1,001,439.82	$1,856,421.39	($854,981.57)
Special Deposits	$17,500.00	$17,500.00	$0.00	$17,500.00	$0.00	$17,500.00
Working Funds	$3,050.00	$3,050.00	$0.00	$3,050.00	$3,350.00	($300.00)
Temp Cash Investments	$1,569,485.00	$251,805.00	$1,317,680.00	$1,569,485.00	$150,855.00	$1,418,630.00
Notes Receivable	$0.00	$0.00	$0.00	$0.00	($68.00)	$68.00
Customer Accounts Receivable	($0.45)	($0.47)	$0.02	($0.45)	($1.22)	$0.77
Other Accounts Receivable	($0.36)	$325,651.99	($325,652.35)	($0.36)	($38.65)	$38.29
Accum Prov Uncollectible - Cr	$0.03	$90,740.09	($90,740.06)	$0.03	($18.98)	$19.01
NR from Associated Cos	$17,540,793.92	$13,245,272.92	$4,295,521.00	$17,540,793.92	$50,121,307.00	($32,580,513.08)
AR from Associated Cos	$122,328.29	$138,183.52	($15,855.23)	$122,328.29	$146,287.22	($23,958.93)
Fuel Stock	-	-	-	-	-	-
Fule Stock Expenses Undistrib		-	-	-	-	-
Residuals & Extracted Products	-	-	-	-	-	-
Plant Materials & Supplies	$616,549.88	$626,816.25	($10,266.37)	$616,549.88	$616,344.95	$204.93
Merchandise	-	-	-	-	-	-
Allowances	-	-	-	-	-	-
Stores Exp Undistributed	-	-	-	-	-	-
Gas Stored Underground - Curr	$92,023,722.62	$75,191,338.73	$16,832,383.89	$92,023,722.62	$87,496,543.99	$4,527,178.63
LNG Stored & Held for Process	-	-	-	-	-	-
Prepayments	$2,858,073.11	$375,933.20	$2,482,139.91	$2,858,073.11	$2,341,910.47	$516,162.64
Interest & Dividends Rec	$0.00	$0.00	$0.00	$0.00	$83.00	($83.00)
Rent Receivable	-	-	-	-	-	-
Accrued Utility Revenues	$0.00	$0.00	$0.00	$0.00	$20.24	($20.24)
Misc Current & Accrued Assets	$4,125,048.60	$8,924,419.03	($4,799,370.43)	$4,125,048.60	$253,538.63	$3,871,509.97
Derivative Instrument Assets	$0.00	$433,470.00	($433,470.00)	$0.00	$278,170.00	($278,170.00)
Derivative Assets - Hedging	-	-	-	-	-	-
Current and Accrued Assets	**$119,877,990.46**	**$101,693,369.80**	**$18,184,620.66**	**$119,877,990.46**	**$143,264,705.04**	**($23,386,714.58)**
Deferred Debits						
Unamortized Debt Expense	-	-	-	-	-	-
Extraordinary Property Loss	-	-	-	-	-	-
Other Regulatory Asset	$266,188,152.37	$266,032,451.12	$155,701.25	$266,188,152.37	$270,993,929.01	($4,805,776.64)
Preliminary Surveys	$2,849,268.06	$2,768,548.93	$80,719.13	$2,849,268.06	$2,739,364.30	$109,903.76
Clearing Accounts	($5,927.41)	($2,199.71)	($3,727.70)	($5,927.41)	$0.00	($5,927.41)
Miscellaneous Deferred Debits	$7,701,748.42	$7,820,509.94	($118,761.52)	$7,701,748.42	$7,219,475.64	$482,272.78
Research & Development Expense	-	-	-	-	-	-
Unamort Loss Reacquired Debt	-	-	-	-	-	-
Accum Deferred Income Taxes	$67,044,309.02	$67,840,298.74	($795,989.72)	$67,044,309.02	$69,803,829.24	($2,759,520.22)
Unrecovered Purchase Gas Costs	($9,301,692.02)	($13,462,745.52)	$4,161,053.50	($9,301,692.02)	$2,401,105.28	($11,702,797.30)
Deferred Debits	**$334,475,858.44**	**$330,996,863.50**	**$3,478,994.94**	**$334,475,858.44**	**$353,157,703.47**	**($18,681,845.03)**
Assets and Other Debits	**$1,669,991,828.07**	**$1,630,053,079.27**	**$39,938,748.80**	**$1,669,991,828.07**	**$1,619,054,481.86**	**$50,937,346.21**

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	$7,686,976.00	$7,686,976.00	$0.00	$7,686,976.00	$7,686,976.00	$0.00
Capital Stock Expense	-	-	-	-	-	-
Retained Earnings	$468,222,282.81	$470,736,292.74	($2,514,009.93)	$468,222,282.81	$422,052,046.54	$46,170,236.27
Unapprop Undistrib Sub Earning	-	-	-	-	-	-
Reacquired Capital Stock	-	-	-	-	-	-
Accumulated OCI	-	-	-	-	-	-
Proprietary Capital	**$521,037,058.81**	**$523,551,068.74**	**($2,514,009.93)**	**$521,037,058.81**	**$474,866,872.54**	**$46,170,236.27**
Long Term Debt						
Bonds	-	-	-	-	-	-
Advances from Associated Cos	$411,390,000.00	$411,390,000.00	$0.00	$411,390,000.00	$411,390,000.00	$0.00
Other Long Term Debt	-	-	-	-	-	-
Unamortized Premium on LTD	-	-	-	-	-	-
Unamortized Discount on LTD	-	-	-	-	-	-
Long Term Debt	**$411,390,000.00**	**$411,390,000.00**	**$0.00**	**$411,390,000.00**	**$411,390,000.00**	**$0.00**
Other Noncurrent Liabilities						
Obligations - Cap Leases - NC	$2,150,340.83	$2,154,308.10	($3,967.27)	$2,150,340.83	$2,177,034.16	($26,693.33)
Accum Prov - Property Ins	-	-	-	-	-	-
Accum Prov - Injuries & Damage	$145,298.00	$101,871.00	$43,427.00	$145,298.00	$83,669.00	$61,629.00
Accum Prov - Pension & Benefit	($919,888.55)	($611,584.12)	($308,304.43)	($919,888.55)	($793,005.00)	($126,883.55)
Accum Misc Operating Provision	$1,171,212.00	$1,151,334.78	$19,877.22	$1,171,212.00	$987,534.00	$183,678.00
Provision for Rate Refunds	-	-	-	-	-	-
Asset Retirement Obligations	-	-	-	-	-	-
Other Noncurrent Liabilities	**$2,546,962.28**	**$2,795,929.76**	**($248,967.48)**	**$2,546,962.28**	**$2,455,232.16**	**$91,730.12**
Current and Accrued Liabilities						
Curr Portion of Long-Term Debt	-	-	-	-	-	-
Notes Payable	-	-	-	-	-	-
Accounts Payable	$32,639,645.87	$40,406,309.97	($7,766,664.10)	$32,639,645.87	$33,220,100.99	($580,455.12)
NP to Associated Cos	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
AP to Associated Cos	$84,170,164.73	$38,545,973.64	$45,624,191.09	$84,170,164.73	$55,401,474.33	$28,768,690.40
Customer Deposits	$3,008,166.68	$2,978,625.68	$29,541.00	$3,008,166.68	$3,334,765.00	($326,598.32)
Taxes Accrued	$7,083,611.43	$12,626,109.39	($5,542,497.96)	$7,083,611.43	$2,276,076.73	$4,807,534.70
Interest Accrued	$328,736.37	$319,764.47	$8,971.90	$328,736.37	$328,454.44	$281.93
Dividends Declared	-	-	-	-	-	-
Tax Collections Payable	$62,096.02	$112,746.23	($50,650.21)	$62,096.02	$505,780.24	($443,684.22)
Misc Current & Accrued Liab	$32,621,432.45	$25,648,418.03	$6,973,014.42	$32,621,432.45	$66,303,723.32	($33,682,290.87)
Obligation Cap Lease - Current	$44,293.46	$43,707.83	$585.63	$44,293.46	$48,732.57	($4,439.11)
Derivative Liability	$1,000,487.00	$221,808.00	$778,679.00	$1,000,487.00	$367,390.00	$633,097.00
Derivative Liability - Hedge	-	-	-	-	-	-
Current & Accrued Liabilities	**$160,958,634.01**	**$120,903,463.24**	**$40,055,170.77**	**$160,958,634.01**	**$161,786,497.62**	**($827,863.61)**
Deferred Credits						
Customer Adv. for Construction	$7,648,124.17	$7,652,062.22	($3,938.05)	$7,648,124.17	$7,074,911.20	$573,212.97
Acc Defd Investment Tax Credit	$3,332,684.00	$3,362,704.00	($30,020.00)	$3,332,684.00	$3,542,824.00	($210,140.00)
Other Deferred Credits	$9,185,934.56	$9,213,348.34	($27,413.78)	$9,185,934.56	$9,148,344.63	$37,589.93
Other Regulatory Liabilities	$57,690,515.99	$58,026,627.85	($336,111.86)	$57,690,515.99	$62,988,360.36	($5,297,844.37)
Accum Defer Inc Tax - Oth Prop	$481,945,722.47	$479,670,304.47	$2,275,418.00	$481,945,722.47	$473,482,486.43	$8,463,236.04
Accum Defer Inc Tax - Other	$14,256,191.78	$13,487,570.65	$768,621.13	$14,256,191.78	$12,319,002.92	$1,937,188.86
Deferred Credits	**$574,059,172.97**	**$571,412,617.53**	**$2,646,555.44**	**$574,059,172.97**	**$568,555,929.54**	**$5,503,243.43**
Total Liabilities and Equity	**$1,669,991,828.07**	**$1,630,053,079.27**	**$39,938,748.80**	**$1,669,991,828.07**	**$1,619,054,481.86**	**$50,937,346.21**

Columbia Gas of Pennsylvania
Balance Sheet - Regulated
Regulated - Account FERC Hierarchy
As of Aug - 2014
FDW Standard Report - For Internal Use Only

	Month: *Aug - 2014*	Previous Month	Variance	Month: *Aug - 2014*	December of Previous Year	Variance
ASSETS						
Utility Plant						
Utility Plant	$1,530,966,892.04	$1,514,687,024.57	$16,279,867.47	$1,530,966,892.04	$1,408,358,922.66	$122,607,969.38
CWIP	$22,781,410.48	$25,042,655.77	($2,261,245.29)	$22,781,410.48	$24,550,264.67	($1,768,854.19)
Total Utility Plant	**$1,553,748,302.52**	**$1,539,729,680.34**	**$14,018,622.18**	**$1,553,748,302.52**	**$1,432,909,187.33**	**$120,839,115.19**
Accum Prov - Amort and Depr	($344,632,777.86)	($342,859,669.67)	($1,773,108.19)	($344,632,777.86)	($328,523,701.85)	($16,009,076.01)
Net Utility Plant	**$1,209,115,524.66**	**$1,196,870,010.67**	**$12,245,513.99**	**$1,209,115,524.66**	**$1,104,285,485.48**	**$104,830,039.18**
Other Plant Adjustments	-	-	-	-	-	-
Gas Store Underground	$895,339.06	$895,339.06	$0.00	$895,339.06	$895,339.06	$0.00
System Balancing Gas	($163,466.81)	($163,466.81)	$0.00	($163,466.81)	($163,466.81)	$0.00
Gas Store Undergrd_SysBal	$731,872.25	$731,872.25	$0.00	$731,872.25	$731,872.25	$0.00
Utility Plant	**$1,209,847,396.91**	**$1,197,601,882.92**	**$12,245,513.99**	**$1,209,847,396.91**	**$1,105,017,357.73**	**$104,830,039.18**
Other Property and Investments						
Non Utility Other Property	$8,346.49	$8,346.49	$0.00	$8,346.49	$8,346.49	$0.00
Accum Prov - Deprec Oth Plant	-	-	-	-	-	-
Investments in Associated Cos	-	-	-	-	-	-
Investments in Subsidiary Cos	$18,047,923.12	$18,027,749.76	$20,173.36	$18,047,923.12	$17,606,369.13	$441,553.99
Other Investments	-	-	-	-	-	-
Sinking Fund	-	-	-	-	-	-
Other Special Funds	-	-	-	-	-	-
Other Property and Investments	**$18,056,269.61**	**$18,036,096.25**	**$20,173.36**	**$18,056,269.61**	**$17,614,715.62**	**$441,553.99**
Current and Accrued Assets						
Cash	$730,032.07	$1,001,439.82	($271,407.75)	$730,032.07	$1,856,421.39	($1,126,389.32)
Special Deposits	$17,500.00	$17,500.00	$0.00	$17,500.00	$0.00	$17,500.00
Working Funds	$3,050.00	$3,050.00	$0.00	$3,050.00	$3,350.00	($300.00)
Temp Cash Investments	$978,765.00	$1,569,485.00	($590,720.00)	$978,765.00	$150,855.00	$827,910.00
Notes Receivable	$0.00	$0.00	$0.00	$0.00	($68.00)	$68.00
Customer Accounts Receivable	($0.38)	($0.45)	$0.07	($0.38)	($1.22)	$0.84
Other Accounts Receivable	$0.14	($0.36)	$0.50	$0.14	($38.65)	$38.79
Accum Prov Uncollectible - Cr	$0.30	$0.03	$0.27	$0.30	($18.98)	$19.28
NR from Associated Cos	$17,420,889.92	$17,540,793.92	($119,904.00)	$17,420,889.92	$50,121,307.00	($32,700,417.08)
AR from Associated Cos	$79,235.25	$122,328.29	($43,093.04)	$79,235.25	$146,287.22	($67,051.97)
Fuel Stock	-	-	-	-	-	-
Fule Stock Expenses Undistrib	-	-	-	-	-	
Residuals & Extracted Products	-	-	-	-	-	-
Plant Materials & Supplies	$605,397.82	$616,549.88	($11,152.06)	$605,397.82	$616,344.95	($10,947.13)
Merchandise	-	-	-	-	-	-
Allowances	-	-	-	-	-	-
Stores Exp Undistributed	-	-	-	-	-	-
Gas Stored Underground - Curr	$105,039,376.08	$92,023,722.62	$13,015,653.46	$105,039,376.08	$87,496,543.99	$17,542,832.09
LNG Stored & Held for Process	-	-	-	-	-	-
Prepayments	$2,563,095.02	$2,858,073.11	($294,978.09)	$2,563,095.02	$2,341,910.47	$221,184.55
Interest & Dividends Rec	$0.00	$0.00	$0.00	$0.00	$83.00	($83.00)
Rent Receivable	-	-	-	-	-	-
Accrued Utility Revenues	$0.00	$0.00	$0.00	$0.00	$20.24	($20.24)
Misc Current & Accrued Assets	$278,236.10	$4,125,048.60	($3,846,812.50)	$278,236.10	$253,538.63	$24,697.47
Derivative Instrument Assets	$31,410.00	$0.00	$31,410.00	$31,410.00	$278,170.00	($246,760.00)
Derivative Assets - Hedging	-	-	-	-	-	-
Current and Accrued Assets	**$127,746,987.32**	**$119,877,990.46**	**$7,868,996.86**	**$127,746,987.32**	**$143,264,705.04**	**($15,517,717.72)**
Deferred Debits						
Unamortized Debt Expense	-	-	-	-	-	-
Extraordinary Property Loss	-	-	-	-	-	-
Other Regulatory Asset	$263,484,413.23	$266,188,152.37	($2,703,739.14)	$263,484,413.23	$270,993,929.01	($7,509,515.78)
Preliminary Surveys	$2,922,444.18	$2,849,268.06	$73,176.12	$2,922,444.18	$2,739,364.30	$183,079.88
Clearing Accounts	($9,046.53)	($5,927.41)	($3,119.12)	($9,046.53)	$0.00	($9,046.53)
Miscellaneous Deferred Debits	$7,669,713.06	$7,701,748.42	($32,035.36)	$7,669,713.06	$7,219,475.64	$450,237.42
Research & Development Expense	-	-	-	-	-	-
Unamort Loss Reacquired Debt	-	-	-	-	-	-
Accum Deferred Income Taxes	$66,183,639.56	$67,044,309.02	($860,669.46)	$66,183,639.56	$69,803,829.24	($3,620,189.68)
Unrecovered Purchase Gas Costs	($6,321,306.31)	($9,301,692.02)	$2,980,385.71	($6,321,306.31)	$2,401,105.28	($8,722,411.59)
Deferred Debits	**$333,929,857.19**	**$334,475,858.44**	**($546,001.25)**	**$333,929,857.19**	**$353,157,703.47**	**($19,227,846.28)**
Assets and Other Debits	**$1,689,580,511.03**	**$1,669,991,828.07**	**$19,588,682.96**	**$1,689,580,511.03**	**$1,619,054,481.86**	**$70,526,029.17**

LIABILITIES AND OTHER CREDITS						
Proprietary Capital						
Common Stock FERC	$45,127,800.00	$45,127,800.00	$0.00	$45,127,800.00	$45,127,800.00	$0.00
Preferred Stock Issued	-	-	-	-	-	-
Capital Stock Subscribed	-	-	-	-	-	-
Premium on Capital Stock	-	-	-	-	-	-
Other Paid-in Capital	$7,686,976.00	$7,686,976.00	$0.00	$7,686,976.00	$7,686,976.00	$0.00
Capital Stock Expense	-	-	-	-	-	-
Retained Earnings	$466,007,677.97	$468,222,282.81	($2,214,604.84)	$466,007,677.97	$422,052,046.54	$43,955,631.43
Unapprop Undistrib Sub Earning	-	-	-	-	-	-
Reacquired Capital Stock	-	-	-	-	-	-
Accumulated OCI	-	-	-	-	-	-
Proprietary Capital	**$518.822,453.97**	**$521,037,058.81**	**($2,214,604.84)**	**$518,822,453.97**	**$474,866,822.54**	**$43,955,631.43**
Long Term Debt						
Bonds	-	-	-	-	-	-
Advances from Associated Cos	$411,390,000.00	$411,390,000.00	$0.00	$411,390,000.00	$411,390,000.00	$0.00
Other Long Term Debt	-	-	-	-	-	-
Unamortized Premium on LTD	-	-	-	-	-	-
Unamortized Discount on LTD	-	-	-	-	-	-
Long Term Debt	**$411,390,000.00**	**$411,390,000.00**	**$0.00**	**$411,390,000.00**	**$411,390,000.00**	**$0.00**
Other Noncurrent Liabilities						
Obligations - Cap Leases - NC	$2,146,320.40	$2,150,340.83	($4,020.43)	$2,146,320.40	$2,177,034.16	($30,713.76)
Accum Prov - Property Ins	-	-	-	-	-	-
Accum Prov - Injuries & Damage	$139,747.00	$145,298.00	($5,551.00)	$139,747.00	$83,669.00	$56,078.00
Accum Prov - Pension & Benefit	($1,247,605.66)	($919,888.55)	($327,717.11)	($1,247,605.66)	($793,005.00)	($454,600.66)
Accum Misc Operating Provision	$1,171,212.00	$1,171,212.00	$0.00	$1,171,212.00	$987,534.00	$183,678.00
Provision for Rate Refunds	-	-	-	-	-	-
Asset Retirement Obligations	-	-	-	-	-	-
Other Noncurrent Liabilities	**$2,209,673.74**	**$2,546,962.28**	**($337,288.54)**	**$2,209,673.74**	**$2,455,232.16**	**($245,558.42)**
Current and Accrued Liabilities						
Curr Portion of Long-Term Debt	-	-	-	-	-	-
Notes Payable	-	-	-	-	-	-
Accounts Payable	$27,951,705.76	$32,639,645.87	($4,687,940.11)	$27,951,705.76	$33,220,100.99	($5,268,395.23)
NP to Associated Cos	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
AP to Associated Cos	$104,978,935.48	$84,170,164.73	$20,808,770.75	$104,978,935.48	$55,401,474.33	$49,577,461.15
Customer Deposits	$3,025,226.68	$3,008,166.68	$17,060.00	$3,025,226.68	$3,334,765.00	($309,538.32)
Taxes Accrued	$9,070,287.56	$7,083,611.43	$1,986,676.13	$9,070,287.56	$2,276,076.73	$6,794,210.83
Interest Accrued	$337,088.56	$328,736.37	$8,352.19	$337,088.56	$328,454.44	$8,634.12
Dividends Declared	-	-	-	-	-	-
Tax Collections Payable	$71,465.21	$62,096.02	$9,369.19	$71,465.21	$505,780.24	($434,315.03)
Misc Current & Accrued Liab	$42,237,931.27	$32,621,432.45	$9,616,498.82	$42,237,931.27	$66,303,723.32	($24,065,792.05)
Obligation Cap Lease - Current	$44,886.94	$44,293.46	$593.48	$44,886.94	$48,732.57	($3,845.63)
Derivative Liability	$535,088.00	$1,000,487.00	($465,399.00)	$535,088.00	$367,390.00	$167,698.00
Derivative Liability - Hedge	-	-	-	-	-	-
Current & Accrued Liabilities	**$188,252,615.46**	**$160,958,634.01**	**$27,293,981.45**	**$188,252,615.46**	**$161,786,497.62**	**$26,466,117.84**
Deferred Credits						
Customer Adv. for Construction	$7,672,272.80	$7,648,124.17	$24,148.63	$7,672,272.80	$7,074,911.20	$597,361.60
Acc Defd Investment Tax Credit	$3,302,664.00	$3,332,684.00	($30,020.00)	$3,302,664.00	$3,542,824.00	($240,160.00)
Other Deferred Credits	$9,135,054.54	$9,185,934.56	($50,880.02)	$9,135,054.54	$9,148,344.63	($13,290.09)
Other Regulatory Liabilities	$57,110,962.85	$57,690,515.99	($579,553.14)	$57,110,962.85	$62,988,360.36	($5,877,397.51)
Accum Defer Inc Tax - Oth Prop	$477,861,594.08	$481,945,722.47	($4,084,128.39)	$477,861,594.08	$473,482,486.43	$4,379,107.65
Accum Defer Inc Tax - Other	$13,823,219.59	$14,256,191.78	($432,972.19)	$13,823,219.59	$12,319,002.92	$1,504,216.67
Deferred Credits	**$568,905,767.86**	**$574,059,172.97**	**($5,153,405.11)**	**$568,905,767.86**	**$568,555,929.54**	**$349,838.32**
Total Liabilities and Equity	**$1,689,580,511.03**	**$1,669,991,828.07**	**$19,588,682.96**	**$1,689,580,511.03**	**$1,619,054,481.86**	**$70,526,029.17**

Columbia Gas of Pennsylvania
Balance Sheet - Regulated
Regulated - Account FERC Hierarchy
As of Sep - 2014
FDW Standard Report - For Internal Use Only

	Month: *Sep - 2014*	Previous Month	Variance	Month: *Sep - 2014*	December of Previous Year	Variance
ASSETS						
Utility Plant						
Utility Plant	$1,550,602,891.95	$1,530,966,892.04	$19,635,999.91	$1,550,602,891.95	$1,498,358,922.66	$142,243,969.29
CWIP	$29,225,850.12	$22,781,410.48	$6,444,439.64	$29,225,850.12	$24,550,264.67	$4,675,585.45
Total Utility Plant	**$1,579,828,742.07**	**$1,553,748,302.52**	**$26,080,439.55**	**$1,579,828,742.07**	**$1,432,909,187.33**	**$146,919,554.74**
Accum Prov - Amort and Depr	($345,698,500.21)	($344,632,777.86)	($1,065,722.35)	($345,698,500.21)	($328,623,701.85)	($17,074,798.36)
Net Utility Plant	**$1,234,130,241.86**	**$1,209,115,524.66**	**$25,014,717.20**	**$1,234,130,241.86**	**$1,104,285,485.48**	**$129,844,756.38**
Other Plant Adjustments	-	-	-	-	-	-
Gas Store Underground	$895,339.06	$895,339.06	$0.00	$895,339.06	$895,339.06	$0.00
System Balancing Gas	($163,466.81)	($163,466.81)	$0.00	($163,466.81)	($163,466.81)	$0.00
Gas Store Undergrd_SysBal	$731,872.25	$731,872.25	$0.00	$731,872.25	$731,872.25	$0.00
Utility Plant	**$1,234,862,114.11**	**$1,209,847,396.91**	**$25,014,717.20**	**$1,234,862,114.11**	**$1,105,017,357.73**	**$129,844,756.38**
Other Property and Investments						
Non Utility Other Property	$8,346.49	$8,346.49	$0.00	$8,346.49	$8,346.49	$0.00
Accum Prov - Deprec Oth Plant	-	-	-	-	-	-
Investments in Associated Cos	-	-	-	-	-	-
Investments in Subsidiary Cos	$18,070,626.73	$18,047,923.12	$22,703.61	$18,070,626.73	$17,606,369.13	$464,257.60
Other Investments	-	-	-	-	-	-
Sinking Fund	-	-	-	-	-	-
Other Special Funds	-	-	-	-	-	-
Other Property and Investments	**$18,078,973.22**	**$18,056,269.61**	**$22,703.61**	**$18,078,973.22**	**$17,614,715.62**	**$464,257.60**
Current and Accrued Assets						
Cash	$654,570.64	$730,032.07	($75,461.43)	$654,570.64	$1,856,421.39	($1,201,850.75)
Special Deposits	$17,500.00	$17,500.00	$0.00	$17,500.00	$0.00	$17,500.00
Working Funds	$2,550.00	$3,050.00	($500.00)	$2,550.00	$3,350.00	($800.00)
Temp Cash Investments	$912,595.00	$978,765.00	($66,170.00)	$917,595.00	$150,855.00	$761,740.00
Notes Receivable	$0.00	$0.00	$0.00	$0.00	($68.00)	$68.00
Customer Accounts Receivable	($0.12)	($0.38)	$0.26	($0.12)	($1.22)	$1.10
Other Accounts Receivable	($0.12)	$0.14	($0.26)	($0.12)	($38.65)	$38.53
Accum Prov Uncollectible - Cr	($0.09)	$0.30	($0.39)	($0.09)	($18.98)	$18.89
NR from Associated Cos	$17,006,788.30	$17,420,889.92	($414,101.62)	$17,006,788.30	$50,121,307.00	($33,114,518.70)
AR from Associated Cos	($24,258.33)	$79,235.25	($103,493.58)	($24,258.33)	$146,287.22	($170,545.55)
Fuel Stock	-	-	-	-	-	-
Fule Stock Expenses Undistrib	-	-	-	-	-	-
Residuals & Extracted Products	-	-	-	-	-	-
Plant Materials & Supplies	$598,064.40	$605,397.82	($7,333.42)	$598,064.40	$616,344.95	($18,280.55)
Merchandise	-	-	-	-	-	-
Allowances	-	-	-	-	-	-
Stores Exp Undistributed	-	-	-	-	-	-
Gas Stored Underground - Curr	$119,377,234.18	$105,039,376.08	$14,337,858.10	$119,377,234.18	$87,496,543.99	$31,880,690.19
LNG Stored & Held for Process	-	-	-	-	-	-
Prepayments	$3,081,836.21	$2,563,095.02	$518,741.19	$3,081,836.21	$2,341,910.47	$739,925.74
Interest & Dividends Rec	$0.00	$0.00	$0.00	$0.00	$83.00	($83.00)
Rent Receivable	-	-	-	-	-	-
Accrued Utility Revenues	$0.00	$0.00	$0.00	$0.00	$20.24	($20.24)
Misc Current & Accrued Assets	$189,906.31	$278,236.10	($88,329.79)	$189,906.31	$253,538.63	($63,632.32)
Derivative Instrument Assets	$27,390.00	$31,410.00	($4,020.00)	$27,390.00	$278,170.00	($250,780.00)
Derivative Assets - Hedging	-	-	-	-	-	-
Current and Accrued Assets	**$141,844,176.38**	**$127,746,987.32**	**$14,097,189.06**	**$141,844,176.38**	**$143,264,705.04**	**($1,420,528.66)**
Deferred Debits						
Unamortized Debt Expense	-	-	-	-	-	-
Extraordinary Property Loss	-	-	-	-	-	-
Other Regulatory Asset	$263,263,766.00	$263,484,413.23	($220,647.23)	$263,263,766.00	$270,993,929.01	($7,730,163.01)
Preliminary Surveys	$3,150,124.23	$2,922,444.18	$227,680.05	$3,150,124.23	$2,739,364.30	$410,759.93
Clearing Accounts	($9,639.51)	($9,046.53)	($592.98)	($9,639.51)	$0.00	($9,639.51)
Miscellaneous Deferred Debits	$7,689,347.14	$7,669,713.06	$19,634.08	$7,689,347.14	$7,219,475.64	$469,871.50
Research & Development Expense	-	-	-	-	-	-
Unamort Loss Reacquired Debt	-	-	-	-	-	-
Accum Deferred Income Taxes	$65,800,118.15	$66,183,639.56	($383,521.41)	$65,800,118.15	$69,803,829.24	($4,003,711.09)
Unrecovered Purchase Gas Costs	($3,872,289.15)	($6,321,306.31)	$2,449,017.16	($3,872,289.15)	$2,401,105.28	($6,273,394.43)
Deferred Debits	**$336,021,426.86**	**$333,929,857.19**	**$2,091,569.67**	**$336,021,426.86**	**$353,157,703.47**	**($17,136,276.61)**
Assets and Other Debits	**$1,730,806,690.57**	**$1,689,580,511.03**	**$41,226,179.54**	**$1,730,806,690.57**	**$1,619,054,481.86**	**$111,752,208.71**

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	$7,686,976.00	$7,686,976.00	$0.00	$7,686,976.00	$7,686,976.00	$0.00
Capital Stock Expense	-	-	-	-	-	-
Retained Earnings	$464,201,104.78	$466,007,677.97	($1,806,573.19)	$464,201,104.78	$422,052,046.54	$42,149,058.24
Unapprop Undistrib Sub Earning	-	-	-	-	-	-
Reacquired Capital Stock	-	-	-	-	-	-
Accumulated OCI	-	-	-	-	-	-
Proprietary Capital	**$517,015,880.78**	**$518,822,453.97**	**($1,806,573.19)**	**$517,015,880.78**	**$474,866,822.54**	**$42,149,058.24**
Long Term Debt						
Bonds	-	-	-	-	-	-
Advances from Associated Cos	$411,390,000.00	$411,390,000.00	$0.00	$411,390,000.00	$411,390,000.00	$0.00
Other Long Term Debt	-	-	-	-	-	-
Unamortized Premium on LTD	-	-	-	-	-	-
Unamortized Discount on LTD	-	-	-	-	-	-
Long Term Debt	**$411,390,000.00**	**$411,390,000.00**	**$0.00**	**$411,390,000.00**	**$411,390,000.00**	**$0.00**
Other Noncurrent Liabilities						
Obligations - Cap Leases - NC	$9,328,241.35	$2,146,320.40	$7,181,920.95	$9,328,241.35	$2,177,034.16	$7,151,207.19
Accum Prov - Property Ins	-	-	-	-	-	-
Accum Prov - Injuries & Damage	$99,535.00	$139,747.00	($40,212.00)	$99,535.00	$83,669.00	$15,866.00
Accum Prov - Pension & Benefit	($1,353,416.99)	($1,247,605.66)	($105,811.33)	($1,353,416.99)	($793,005.00)	($560,411.99)
Accum Misc Operating Provision	$1,171,954.00	$1,171,212.00	$742.00	$1,171,954.00	$987,534.00	$184,420.00
Provision for Rate Refunds	-	-	-	-	-	-
Asset Retirement Obligations	-	-	-	-	-	-
Other Noncurrent Liabilities	**$9,246,313.36**	**$2,209,673.74**	**$7,036,639.62**	**$9,246,313.36**	**$2,455,232.16**	**$6,791,081.20**
Current and Accrued Liabilities						
Curr Portion of Long-Term Debt	-	-	-	-	-	-
Notes Payable	-	-	-	-	-	-
Accounts Payable	$32,980,204.37	$27,951,705.76	$5,028,498.61	$32,980,204.37	$33,220,100.99	($239,896.62)
NP to Associated Cos	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
AP to Associated Cos	$125,009,245.74	$104,978,935.48	$20,030,310.26	$125,009,245.74	$55,401,474.33	$69,607,771.41
Customer Deposits	$3,091,574.68	$3,025,226.68	$66,348.00	$3,091,574.68	$3,334,765.00	($243,190.32)
Taxes Accrued	$2,567,665.62	$9,070,287.56	($6,502,621.94)	$2,567,665.62	$2,276,076.73	$291,588.89
Interest Accrued	$344,865.93	$337,088.56	$7,777.37	$344,865.93	$328,454.44	$16,411.49
Dividends Declared	-	-	-	-	-	-
Tax Collections Payable	$169,277.38	$71,465.21	$97,812.17	$169,277.38	$505,780.24	($336,502.86)
Misc Current & Accrued Liab	$57,897,317.27	$42,237,931.27	$15,659,386.00	$57,897,317.27	$66,303,723.32	($8,406,406.05)
Obligation Cap Lease - Current	$134,493.12	$44,886.94	$89,606.18	$134,493.12	$48,732.57	$85,760.55
Derivative Liability	$504,246.00	$535,088.00	($30,842.00)	$504,246.00	$367,390.00	$136,856.00
Derivative Liability - Hedge	-	-	-	-	-	-
Current & Accrued Liabilities	**$222,698,890.11**	**$188,252,615.46**	**$34,446,274.65**	**$222,698,890.11**	**$161,786,497.62**	**$60,912,392.49**
Deferred Credits						
Customer Adv. for Construction	$7,634,045.29	$7,672,272.80	($38,227.51)	$7,634,045.29	$7,074,911.20	$559,134.09
Acc Defd Investment Tax Credit	$3,272,644.00	$3,302,664.00	($30,020.00)	$3,272,644.00	$3,542,824.00	($270,180.00)
Other Deferred Credits	$9,055,243.79	$9,135,054.54	($79,810.75)	$9,055,243.79	$9,148,344.63	($93,100.84)
Other Regulatory Liabilities	$57,228,785.04	$57,110,962.85	$117,822.19	$57,228,785.04	$62,988,360.36	($5,759,575.32)
Accum Defer Inc Tax - Oth Prop	$479,347,269.59	$477,861,594.08	$1,485,675.51	$479,347,269.59	$473,482,486.43	$5,864,783.16
Accum Defer Inc Tax - Other	$13,917,618.61	$13,823,219.59	$94,399.02	$13,917,618.61	$12,319,002.92	$1,598,615.69
Deferred Credits	**$570,455,606.32**	**$568,905,767.86**	**$1,549,838.46**	**$570,455,606.32**	**$568,555,929.54**	**$1,899,676.78**
Total Liabilities and Equity	**$1,730,806,690.57**	**$1,689,580,511.03**	**$41,226,179.54**	**$1,730,806,690.57**	**$1,619,054,481.86**	**$111,752,208.71**

Columbia Gas of Pennsylvania
Balance Sheet - Regulated
Regulated - Account FERC Hierarchy
As of Oct - 2014
FDW Standard Report - For Internal Use Only

	Month: *Oct - 2014*	Previous Month	Variance	Month: *Oct - 2014*	December of Previous Year	Variance
ASSETS						
Utility Plant						
Utility Plant	$1,568,274,587.10	$1,550,602,891.95	$17,671,695.15	$1,568,274,587.10	$1,408,358,922.66	$159,915,664.44
CWIP	$30,152,792.36	$29,225,850 12	$926,942.24	$30,152,792.36	$24,550,264.67	$5,602,527.69
Total Utility Plant	**$1,598,427,379.46**	**$1,579,828,742.07**	**$18,598,637.39**	**$1,598,427,379.46**	**$1,432,909,187.33**	**$165,518,192.13**
Accum Prov - Amort and Depr	($346,141,759.59)	($345,698,500.21)	($443,259.38)	($346,141,759.59)	($328,623,701.85)	($17,518,057.74)
Net Utility Plant	**$1,252,285,619.87**	**$1,234,130,241.86**	**$18,155,378.01**	**$1,252,285,619.87**	**$1,104,285,485.48**	**$148,000,134.39**
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	**$1,253,017,492.12**	**$1,234,862,114.11**	**$18,155.378.01**	**$1,253,017,492.12**	**$1,105,017,357.73**	**$148,000,134.39**
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	$18,128,359.15	$18,070,626.73	$57,732.42	$18,128,359.15	$17,606,369.13	$521,990.02
Other Investments	-	-	-	-	-	-
Sinking Fund	-	-	-	-	-	-
Other Special Funds	-	-	-	-	-	-
Other Property and Investments	**$18,136,705.64**	**$18,078,973.22**	**$57,732.42**	**$18,136,705.64**	**$17,614,715.62**	**$521,990.02**
Current and Accrued Assets						
Cash	$865,391.97	$654,570.64	$210,821.33	$865,391.97	$1,856,421.39	($991,029.42)
Special Deposits	$0.00	$17,500.00	($17,500.00)	$0.00	$0.00	$0.00
Working Funds	$2,550.00	$2,550.00	$0.00	$2,550.00	$3,350.00	($800.00)
Temp Cash Investments	$1,718,260.00	$912,595 00	$805,665.00	$1,718,260.00	$150,855.00	$1,567,405.00
Notes Receivable	$0.00	$0.00	$0 00	$0.00	($68.00)	$68.00
Customer Accounts Receivable	($0.44)	($0.12)	($0.32)	($0.44)	($1.22)	$0.78
Other Accounts Receivable	$0.52	($0.12)	$0 64	$0.52	($38.65)	$39.17
Accum Prov Uncollectible - Cr	($0.26)	($0.09)	($0.17)	($0.26)	($18.98)	$18.72
NR from Associated Cos	$22,013,831.30	$17,006,788.30	$5,007,043.00	$22,013,831.30	$50,121,307.00	($28,107,475.70)
AR from Associated Cos	$130,272.45	($24,258.33)	$154,530 78	$130,272.45	$146,287.22	($16,014.77)
Fuel Stock	-	-	-	-	-	-
Fule Stock Expenses Undistrib	-	-	-	-	-	-
Residuals & Extracted Products	-	-	-	-	-	-
Plant Materials & Supplies	$654,310.66	$598,064 40	$56,246.26	$654,310.66	$616,344.95	$37,965.71
Merchandise	-	-	-	-	-	-
Allowances	-	-	-	-	-	-
Stores Exp Undistributed	-	-	-	-	-	-
Gas Stored Underground - Curr	$122,769,454.17	$119,377,234 18	$3,392,219.99	$122,769,454.17	$87,496,543.99	$35,272,910.18
LNG Stored & Held for Process	-	-	-	-	-	-
Prepayments	$3,328,218.14	$3,081,836.21	$246,381.93	$3,328,218.14	$2,341,910.47	$986,307.67
Interest & Dividends Rec	$0.00	$0.00	$0.00	$0 00	$83.00	($83.00)
Rent Receivable	-	-	-	-	-	-
Accrued Utility Revenues	($0.25)	$0.00	($0.25)	($0.25)	$20.24	($20.49)
Misc Current & Accrued Assets	$252,393.41	$189,906 31	$62,487.10	$252,393.41	$253,538.63	($1,145.22)
Derivative Instrument Assets	$0.00	$27,390.00	($27,390.00)	$0.00	$278,170.00	($278,170.00)
Derivative Assets - Hedging	-	-	-	-	-	-
Current and Accrued Assets	**$151,734,681.67**	**$141,844,176.38**	**$9,890,505.29**	**$151,734,681.67**	**$143,264,705.04**	**$8,469,976.63**
Deferred Debits						
Unamortized Debt Expense	-	-	-	-	-	-
Extraordinary Property Loss	-	-	-	-	-	-
Other Regulatory Asset	$259,713,577.98	$263,263,766.00	($3,550,188.02)	$259,713,577.98	$270,993,929.01	($11,280,351.03)
Preliminary Surveys	$3,372,264.80	$3,150,124 23	$222,140.57	$3,372,264.80	$2,739,364.30	$632,900.50
Clearing Accounts	($11,516.33)	($9,639.51)	($1,876.82)	($11,516.33)	$0.00	($11,516.33)
Miscellaneous Deferred Debits	$7,634,459.63	$7,689,347.14	($54,887.51)	$7,634,459.63	$7,219,475.64	$414,983.99
Research & Development Expense	-	-	-	-	-	-
Unamort Loss Reacquired Debt	-	-	-	-	-	-
Accum Deferred Income Taxes	$58,496,971.17	$65,800,118.15	($7,303,146.98)	$58,496,971.17	$69,803,829.24	($11,306,858.07)
Unrecovered Purchase Gas Costs	$418,124.35	($3,872,289.15)	$4,290,413.50	$418,124.35	$2,401,105.28	($1,982,980.93)
Deferred Debits	**$329,623,881.60**	**$336,021,426.86**	**($6,397,545.26)**	**$329,623,881.60**	**$353,157,703.47**	**($23,533,821.87)**
Assets and Other Debits	**$1,752,512,761.03**	**$1,730,806,690.57**	**$21,706,070.46**	**$1,752,512,761.03**	**$1,619,054,481.86**	**$133,458,279.17**

LIABILITIES AND OTHER CREDITS						
Proprietary Capital						
Common Stock FERC	$45,127,800.00	$45,127,800.00	$0.00	$45,127,800.00	$45,127,800.00	$0.00
Preferred Stock Issued	-	-	-	-	-	-
Capital Stock Subscribed	-	-	-	-	-	-
Premium on Capital Stock	-	-	-	-	-	-
Other Paid-in Capital	$7,720,269.00	$7,686,976.00	$33,293.00	$7,720,269.00	$7,686,976.00	$33,293.00
Capital Stock Expense	-		-	-	-	-
Retained Earnings	$464,609,077.40	$464,201,104.78	$407,972.62	$464,609,077.40	$422,052,046.54	$42,557,030.86
Unapprop Undistrib Sub Earning	-	-	-	-	-	-
Reacquired Capital Stock	-	-	-	-	-	-
Accumulated OCI	-	-	-	-	-	-
Proprietary Capital	**$517,457,146.40**	**$517,015,880.78**	**$441,265.62**	**$517,457,146.40**	**$474,866,822.54**	**$42,590,323.86**
Long Term Debt						
Bonds	-	-	-	-	-	-
Advances from Associated Cos	$411,390,000.00	$411,390,000.00	$0.00	$411,390,000.00	$411,390,000.00	$0.00
Other Long Term Debt	-	-	-	-	-	-
Unamortized Premium on LTD	-	-	-	-	-	-
Unamortized Discount on LTD	-	-	-	-	-	-
Long Term Debt	**$411,390,000.00**	**$411,390,000.00**	**$0.00**	**$411,390,000.00**	**$411,390,000.00**	**$0.00**
Other Noncurrent Liabilities						
Obligations - Cap Leases - NC	$9,309,055.75	$9,328,241.35	($19,185.60)	$9,309,055.75	$2,177,034.16	$7,132,021.59
Accum Prov - Property Ins	-	-	-	-	-	-
Accum Prov - Injuries & Damage	$59,039.76	$99,535.00	($40,495.24)	$59,039.76	$83,669.00	($24,629.24)
Accum Prov - Pension & Benefit	($1,669,916.88)	($1,353,416.99)	($316,499.89)	($1,669,916.88)	($793,005.00)	($876,911.88)
Accum Misc Operating Provision	$1,176,443.00	$1,171,954.00	$4,489.00	$1,176,443.00	$987,534.00	$188,909.00
Provision for Rate Refunds	-	-	-	-	-	-
Asset Retirement Obligations	-	-	-	-	-	-
Other Noncurrent Liabilities	**$8,874,621.63**	**$9,246,313.36**	**($371,691.73)**	**$8,874,621.63**	**$2,455,232.16**	**$6,419,389.47**
Current and Accrued Liabilities						
Curr Portion of Long-Term Debt	-	-	-	-	-	-
Notes Payable	-	-	-	-	-	-
Accounts Payable	$31,725,447.92	$32,980,204.37	($1,254,756.45)	$31,725,447.92	$33,220,100.99	($1,494,653.07)
NP to Associated Cos	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
AP to Associated Cos	$145,022,918.61	$125,009,245.74	$20,013,672.87	$145,022,918.61	$55,401,474.33	$89,621,444.28
Customer Deposits	$3,205,709.68	$3,091,574.68	$114,135.00	$3,205,709.68	$3,334,765.00	($129,055.32)
Taxes Accrued	$8,586,317.55	$2,567,665.62	$6,018,651.93	$8,586,317.55	$2,276,076.73	$6,310,240.82
Interest Accrued	$352,270.95	$344,865.93	$7,405.02	$352,270.95	$328,454.44	$23,816.51
Dividends Declared	-	-	-	-	-	-
Tax Collections Payable	$74,421.33	$169,277.38	($94,856.05)	$74,421.33	$505,760.24	($431,338.91)
Misc Current & Accrued Liab	$69,078,525.10	$57,897,317.27	$11,181,207.83	$69,078,525.10	$66,303,723.32	$2,774,801.78
Obligation Cap Lease - Current	$150,159.32	$134,493.12	$15,666.20	$150,159.32	$48,732.57	$101,426.75
Derivative Liability	$1,051,100.00	$504,246.00	$546,854.00	$1,051,100.00	$367,390.00	$683,710.00
Derivative Liability - Hedge	-	-	-	-	-	-
Current & Accrued Liabilities	**$259,246,870.46**	**$222,698,890.11**	**$36,547,980.35**	**$259,246,870.46**	**$161,786,497.62**	**$97,460,372.84**
Deferred Credits						
Customer Adv. for Construction	$7,679,575.36	$7,634,045.29	$45,530.07	$7,679,575.36	$7,074,911.20	$604,664.16
Acc Def'd Investment Tax Credit	$3,242,624.00	$3,272,644.00	($30,020.00)	$3,242,624.00	$3,542,824.00	($300,200.00)
Other Deferred Credits	$9,029,947.54	$9,055,243.79	($25,296.25)	$9,029,947.54	$9,148,344.63	($118,397.09)
Other Regulatory Liabilities	$56,639,089.30	$57,228,785.04	($589,695.74)	$56,639,089.30	$62,988,360.36	($6,349,271.06)
Accum Defer Inc Tax - Oth Prop	$468,517,842.83	$479,347,269.59	($10,829,426.76)	$468,517,842.83	$473,482,486.43	($4,964,643.60)
Accum Defer Inc Tax - Other	$10,435,043.51	$13,917,618.61	($3,482,575.10)	$10,435,043.51	$12,319,002.92	($1,883,959.41)
Deferred Credits	**$555,544,122.54**	**$570,455,606.32**	**($14,911,483.78)**	**$555,544,122.54**	**$568,555,929.54**	**($13,011,807.00)**
Total Liabilities and Equity	**$1,752,512,761.03**	**$1,730,806,690.57**	**$21,706,070.46**	**$1,752,512,761.03**	**$1,619,054,481.86**	**$133,458,279.17**

Columbia Gas of Pennsylvania
Balance Sheet - Regulated
Regulated - Account FERC Hierarchy
As of Nov - 2014
FDW Standard Report - For Internal Use Only

	Month: *Nov - 2014*	Previous Month	Variance	Month: *Nov - 2014*	December of Previous Year	Variance
ASSETS						
Utility Plant						
Utility Plant	$1,591,711,542.85	$1,568,274,587.10	$23,436,955.75	$1,591,711,542.85	$1,408,358,922.66	$183,352,620.19
CWIP	$19,464,729.46	$30,152,792.36	($10,688,062.90)	$19,464,729.46	$24,550,264.67	($5,085,535.21)
Total Utility Plant	**$1,611,176,272.31**	**$1,598,427,379.46**	**$12,748,892.85**	**$1,611,176,272.31**	**$1,432,909,187.33**	**$178,267,084.98**
Accum Prov - Amort and Depr	($347,783,451.04)	($346,141,759.59)	($1,641,691.45)	($347,783,451.04)	($328,623,701.85)	($19,159,749.19)
Net Utility Plant	**$1,263,392,821.27**	**$1,252,285,619.87**	**$11,107,201.40**	**$1,263,392,821.27**	**$1,104,285,485.48**	**$159,107,335.79**
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	**$1,264,124,693.52**	**$1,253,017,492.12**	**$11,107,201.40**	**$1,264,124,693.52**	**$1,105,017,357.73**	**$159,107,335.79**
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	$18,169,429.36	$18,128,359.15	$41,070.21	$18,169,429.36	$17,606,369.13	$563,060.23
Other Investments	-	-	-	-	-	-
Sinking Fund	-	-	-	-	-	-
Other Special Funds	-	-	-	-	-	-
Other Property and Investments	**$18,177,775.85**	**$18,136,705.64**	**$41,070.21**	**$18,177,775.85**	**$17,614,715.62**	**$563,060.23**
Current and Accrued Assets						
Cash	$773,069.81	$865,391.97	($92,322.16)	$773,069.81	$1,856,421.39	($1,083,351.58)
Special Deposits	-	-	-	-	-	-
Working Funds	$2,550.00	$2,550.00	$0.00	$2,550.00	$3,350.00	($800.00)
Temp Cash Investments	$569,950.00	$1,718,260.00	($1,148,310.00)	$569,950.00	$150,855.00	$419,095.00
Notes Receivable	$0.00	$0.00	$0.00	$0.00	($68.00)	$68.00
Customer Accounts Receivable	$0.43	($0.44)	$0.87	$0.43	($1.22)	$1.65
Other Accounts Receivable	($0.09)	$0.52	($0.61)	($0.09)	($36.65)	$36.56
Accum Prov Uncollectible - Cr	$6,727.36	($0.26)	$6,727.62	$6,727.36	($18.98)	$6,746.34
NR from Associated Cos	$35,578,603.30	$22,013,831.30	$13,564,772.00	$35,578,603.30	$50,121,307.00	($14,542,703.70)
AR from Associated Cos	$131,764.66	$130,272.45	$1,492.21	$131,764.66	$146,287.22	($14,522.56)
Fuel Stock	-	-	-	-	-	-
Fule Stock Expenses Undistrib	-	-	-	-	-	-
Residuals & Extracted Products	-	-	-	-	-	-
Plant Materials & Supplies	$662,539.97	$654,310.66	$8,229.31	$662,539.97	$616,344.95	$46,195.02
Merchandise	-	-	-	-	-	-
Allowances	-	-	-	-	-	-
Stores Exp Undistributed	-	-	-	-	-	-
Gas Stored Underground - Curr	$111,585,516.02	$122,769,454.17	($11,183,938.15)	$111,585,516.02	$87,496,543.99	$24,088,972.03
LNG Stored & Held for Process	-	-	-	-	-	-
Prepayments	$3,152,464.04	$3,328,218.14	($175,754.10)	$3,152,464.04	$2,341,910.47	$810,553.57
Interest & Dividends Rec	$0.00	$0.00	$0.00	$0.00	$83.00	($83.00)
Rent Receivable	-	-	-	-	-	-
Accrued Utility Revenues	$0.00	($0.25)	$0.25	$0.00	$20.24	($20.24)
Misc Current & Accrued Assets	$219,799.15	$252,393.41	($32,594.26)	$219,799.15	$253,538.63	($33,739.48)
Derivative Instrument Assets	$0.00	$0.00	$0.00	$0.00	$278,170.00	($278,170.00)
Derivative Assets - Hedging	-	-	-	-	-	-
Current and Accrued Assets	**$152,682,984.65**	**$151,734,681.67**	**$948,302.98**	**$152,682,984.65**	**$143,264,705.04**	**$9,418,279.61**
Deferred Debits						
Unamortized Debt Expense	-	-	-	-	-	-
Extraordinary Property Loss	-	-	-	-	-	-
Other Regulatory Asset	$257,625,777.76	$259,713,577.98	($2,087,800.22)	$257,625,777.76	$270,993,929.01	($13,368,151.25)
Preliminary Surveys	$3,315,521.46	$3,372,264.80	($56,743.34)	$3,315,521.46	$2,739,364.30	$576,157.16
Clearing Accounts	($16,084.55)	($11,516.33)	($4,568.22)	($16,084.55)	$0.00	($16,084.55)
Miscellaneous Deferred Debits	$7,640,733.58	$7,634,459.63	$6,273.95	$7,640,733.58	$7,219,475.64	$421,257.94
Research & Development Expense	-	-	-	-	-	-
Unamort Loss Reacquired Debt	-	-	-	-	-	-
Accum Deferred Income Taxes	$57,461,149.84	$58,496,971.17	($1,035,821.33)	$57,461,149.84	$69,803,829.24	($12,342,679.40)
Unrecovered Purchase Gas Costs	$4,869,485.37	$418,124.35	$4,451,361.02	$4,869,485.37	$2,401,105.28	$2,468,380.09
Deferred Debits	**$330,896,583.46**	**$329,623,881.60**	**$1,272,701.86**	**$330,896,583.46**	**$353,157,703.47**	**($22,261,120.01)**
Assets and Other Debits	**$1,765,882,037.48**	**$1,752,512,761.03**	**$13,369,276.45**	**$1,765,882,037.48**	**$1,619,054,481.86**	**$146,827,555.62**

LIABILITIES AND OTHER CREDITS						
Proprietary Capital						
Common Stock FERC	$45,127,800.00	$45,127,800.00	$0.00	$45,127,800.00	$45,127,800.00	$0.00
Preferred Stock Issued	-	-	-	-	-	-
Capital Stock Subscribed	-	-	-	-	-	-
Premium on Capital Stock	-	-	-	-	-	-
Other Paid-in Capital	$7,720,355.00	$7,720,269.00	$86.00	$7,720,355.00	$7,686,976.00	$33,379.00
Capital Stock Expense	-	-	-	-	-	-
Retained Earnings	$472,251,043.78	$464,609,077.40	$7,641,966.38	$472,251,043.78	$422,052,046.54	$50,198,997.24
Unapprop Undistrib Sub Earning	-	-	-	-	-	-
Reacquired Capital Stock	-	-	-	-	-	-
Accumulated OCI	-	-	-	-	-	-
Proprietary Capital	**$525,099,198.78**	**$517,457,146.40**	**$7,642,052.38**	**$525,099,198.78**	**$474,866,822.54**	**$50,232,376.24**
Long Term Debt						
Bonds	-	-	-	-	-	-
Advances from Associated Cos	$411,390,000.00	$411,390,000.00	$0.00	$411,390,000.00	$411,390,000.00	$0.00
Other Long Term Debt	-	-	-	-	-	-
Unamortized Premium on LTD	-	-	-	-	-	-
Unamortized Discount on LTD	-	-	-	-	-	-
Long Term Debt	**$411,390,000.00**	**$411,390,000.00**	**$0.00**	**$411,390,000.00**	**$411,390,000.00**	**$0.00**
Other Noncurrent Liabilities						
Obligations - Cap Leases - NC	$9,289,750.49	$9,309,055.75	($19,305.26)	$9,289,750.49	$2,177,034.16	$7,112,716.33
Accum Prov - Property Ins	-	-	-	-	-	-
Accum Prov - Injuries & Damage	$93,463.48	$59,039.76	$34,423.72	$93,463.48	$83,669.00	$9,794.48
Accum Prov - Pension & Benefit	($1,987,096.37)	($1,669,916.88)	($317,179.49)	($1,987,096.37)	($793,005.00)	($1,194,091.37)
Accum Misc Operating Provision	$1,191,751.58	$1,176,443.00	$15,308.58	$1,191,751.58	$987,534.00	$204,217.58
Provision for Rate Refunds	-	-	-	-	-	-
Asset Retirement Obligations	-	-	-	-	-	-
Other Noncurrent Liabilities	**$8,587,869.18**	**$8,874,621.63**	**($286,752.45)**	**$8,587,869.18**	**$2,455,232.16**	**$6,132,637.02**
Current and Accrued Liabilities						
Curr Portion of Long-Term Debt	-	-	-	-	-	-
Notes Payable	-	-	-	-	-	-
Accounts Payable	$28,992,391.33	$31,725,447.92	($2,733,056.59)	$28,992,391.33	$33,220,100.99	($4,227,709.66)
NP to Associated Cos	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
AP to Associated Cos	$148,128,181.41	$145,022,918.61	$3,105,262.80	$148,128,181.41	$55,401,474.33	$92,726,707.08
Customer Deposits	$3,299,574.68	$3,205,709.68	$93,865.00	$3,299,574.68	$3,334,765.00	($35,190.32)
Taxes Accrued	$10,750,353.18	$8,586,317.55	$2,164,035.63	$10,750,353.18	$2,276,076.73	$8,474,276.45
Interest Accrued	$360,767.46	$352,270.95	$8,496.51	$360,767.46	$328,454.44	$32,313.02
Dividends Declared	-	-	-	-	-	-
Tax Collections Payable	$173,858.32	$74,421.33	$99,436.99	$173,858.32	$505,780.24	($331,921.92)
Misc Current & Accrued Liab	$71,704,401.52	$69,078,525.10	$2,625,876.42	$71,704,401.52	$66,303,723.32	$5,400,678.20
Obligation Cap Lease - Current	$165,898.02	$150,159.32	$15,738.70	$165,898.02	$48,732.57	$117,165.45
Derivative Liability	$487,790.00	$1,051,100.00	($563,310.00)	$487,790.00	$367,390.00	$120,400.00
Derivative Liability - Hedge	-	-	-	-	-	-
Current & Accrued Liabilities	**$264,063,215.92**	**$259,246,870.46**	**$4,816,345.46**	**$264,063,215.92**	**$161,786,497.62**	**$102,276,718.30**
Deferred Credits						
Customer Adv. for Construction	$7,789,686.21	$7,679,575.36	$110,110.85	$7,789,686.21	$7,074,911.20	$714,775.01
Acc Defd Investment Tax Credit	$3,212,604.00	$3,242,624.00	($30,020.00)	$3,212,604.00	$3,542,824.00	($330,220.00)
Other Deferred Credits	$8,657,208.86	$9,029,947.54	($372,738.68)	$8,657,208.86	$9,148,344.63	($491,135.77)
Other Regulatory Liabilities	$55,711,759.67	$56,639,089.30	($927,329.63)	$55,711,759.67	$62,988,360.36	($7,276,600.69)
Accum Defer Inc Tax - Oth Prop	$469,892,908.21	$468,517,842.83	$1,375,065.38	$469,892,908.21	$473,482,486.43	($3,589,578.22)
Accum Defer Inc Tax - Other	$11,477,586.65	$10,435,043.51	$1,042,543.14	$11,477,586.65	$12,319,002.92	($841,416.27)
Deferred Credits	**$556,741,753.60**	**$555,544,122.54**	**$1,197,631.06**	**$556,741,753.60**	**$568,555,929.54**	**($11,814,175.94)**
Total Liabilities and Equity	**$1,765,882,037.48**	**$1,752,512,761.03**	**$13,369,276.45**	**$1,765,882,037.48**	**$1,619,054,481.86**	**$146,827,555.62**

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 2010 to December 2014.

Moody's updated NiSource's bond rating from Baa3 to Baa2 on January 31, 2014. Please reference GAS-ROR-004 Attachment L.

CREDIT RATINGS MATRIX

NiSource

Moody's	2014	2013	2012	2011	2010
Issuer Rating	Baa2	Baa3	Baa3	Baa3	Baa3
Commercial Paper	P-2	P-3	P-3	P-3	P-3
Standard & Poor's					
Corporate Credit Rating	BBB-	BBB-	BBB-	BBB-	BBB-
Commercial Paper	A-3	A-3	A-3	A-3	NR
Fitch					
Issuer Rating	BBB-	BBB-	BBB-	BBB-	BBB-
Commercial Paper	F-3	F-3	F-3	F-3	F-3

Columbia Gas of Pennsylvania

Moody's	2014	2013	2012	2011	2010
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 – Standard & Poors (February 2012)
Attachment B – Standard & Poors (February 2012)
Attachment C – Moody's (March 2012)
Attachment D – Moody's (April 2012)
Attachment E – Standard & Poors (August 2012)
Attachment F– Moody's (November 2012)
Attachment G – Fitch (December 2012)
Attachment H – Standard & Poors (February 2013)
Attachment I– Fitch (May 2013)
Attachment J – Fitch (October 2013)
Attachment K– Moody's (November 2013)
Attachment L - Moody's (January 2014)
Attachment M- Standard & Poors (March 2014)
Attachment N Fitch (September 2014)
Attachment O- Moody's (September 2014)
Attachments P- Moody's (October 2014)

STANDARD &POOR'S

Global Credit Portal®
RatingsDirect®

February 29, 2012

Summary:
NiSource Inc.

Primary Credit Analyst:
William Ferara, New York (1) 212-438-1776; bill_ferara@standardandpoors.com

Secondary Contact:
Michael V Grande, New York (1) 212-438-2242; michael_grande@standardandpoors.com

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Summary:
NiSource Inc.

Credit Rating: BBB-/Stable/A-3

Rationale

Standard & Poor's Ratings Services' rating on Merrillville, Ind.-based NiSource Inc. reflects an "excellent" business risk profile and an "aggressive" financial risk profile (as our criteria define the terms). We base the rating on NiSource on the consolidated business and financial risk profiles of its subsidiaries, Northern Indiana Public Service Co. (NIPSCO: BBB-/Stable/--), Bay State Gas Co. (BBB-/Stable/--), and Columbia Energy Group (CEG: not rated). NiSource is involved in regulated natural gas distribution (nearly 40% of operating income), gas transmission and storage (roughly 35%), and vertically integrated electric operations (about 25%). As of Dec. 31, 2011, NiSource had about $8 billion of total reported debt.

A business strategy centered almost exclusively on regulated businesses, a diverse service area that encompasses seven states, and the low operating risks of its regulated utilities support the company's excellent business position. A large residential customer base and lack of competition in the company's regulated service territories also support the business risk profile. The company's aggressive financial risk profile, high capital spending, and NIPSCO's higher-than-average dependence on industrial customers somewhat temper NiSource's strengths.

The stand-alone financial profiles of NiSource's utility subsidiaries are much stronger than the consolidated financial profile, where substantial holding company debt is held. Nevertheless, we view the default risk as the same throughout the organization due to the absence of regulatory mechanisms or other structural barriers that sufficiently restrict subsidiary cash from flowing to the holding company. We consider NiSource's gas distribution operations to be above average, characterized by ample geographic diversity and integration with CEG's gas transmission network, which provide operational flexibility. Nearly all of the gas subsidiaries needs are contracted with Columbia Transmission, with roughly 70% of peak gas needs met with storage gas. Cash flow variability is also low given material revenue stabilization and cost-tracking mechanisms. CEG's gas transmission network has a huge underground storage system (working gas of about 280 billion cubic feet), access to multiple supply basins, slightly over 90% of revenues that are derived from firm, take-or-pay contracts, and a moderate contract life exists mainly at maximum rates.

NIPSCO mostly burns coal (nearly 80% of capacity), so it incurs higher-than-average environmental costs, although a surcharge on rates provides for timely cost recovery. NIPSCO's customer growth is flat, service territory unemployment is slightly higher than the national average (Standard & Poor's base-case scenario is 8.4% for 2012), and it has very significant industrial exposure with these customers representing about one-half of its total volumes. The industrial customers are susceptible to a weak economy, although volumes are back to typical levels following a falloff in recent years due to a weak economy. Standard & Poor's base-case forecast for 2012 is for GDP growth of 2.1% and a 7.7 % rise in equipment investment, both indicators of near-term stability in NIPSCO's industrial customer exposure. NIPSCO's residential rates are higher than the state average, although they are not the highest in the state and are lower than the national average. We expect 2012 cash flows to improve given the settlement of NIPSCO's rate case, although we do not expect a dramatic influence on NiSource's cash flow metrics given its consolidated cash flow diversity.

We characterize the company's financial risk profile as aggressive due to its high debt leverage and capital spending program. Initiatives to improve regulatory design and increase rates at the gas distribution companies, several pipeline expansions, and the inclusion of the Sugar Creek power plant into rate base should improve and further stabilize cash in the longer term. However, given the company's forecast of about $1.4 billion in capital spending and associated increased debt levels, NiSource is likely to generate considerable negative discretionary cash flow in 2012. The company expects to direct about three-quarters of capital spending at utility maintenance and rate-tracked investments, with the remainder on growth projects. The most meaningful source of new growth projects is expected in the Marcellus Shale gas-gathering region, which the company expects to be a long-term program with meaningful, but well-spread, expenditures backed by long-term off-take contracts. In our base-case forecast scenario for 2012, we expect funds from operations (FFO) to total debt and FFO interest coverage of about 14% and 3.5x, respectively. While FFO benefits from a change in the tax method of capitalizing certain costs, we expect long-term FFO to total adjusted debt to remain at about 13%, which is adequate for the rating.

Liquidity

We view NiSource's liquidity as adequate under Standard & Poor's corporate liquidity methodology. We expect the company's cash sources to exceed its uses by roughly 1.2x over the next 12 months. The company's projected sources of liquidity will consist of FFO, which we expect to total about $1.1 billion in 2012, a $1.5 billion revolving credit facility due 2015 (about $725 million outstanding), and modest cash balances (about $12 million), both as of Dec. 31, 2011). NiSource Finance has a $500 million commercial paper program, which had about $403 million outstanding as of Dec. 31, 2011. We project uses of cash in 2012 to include about $1 billion of capital spending (including maintenance and longer-lead time projects relative to the company's forecast of $1.4 billion), dividends of about $260 million, modest debt maturities ($315 million), and the seasonal purchase via short-term borrowings of natural gas for winter heating purposes.

Liquidity also gets support from accounts-receivable securitization facilities at NIPSCO, Columbia of Ohio, and Columbia Gas of Pennsylvania. As of Dec. 31, 2011, about $232 million was outstanding under the securitization facilities (all less than one year in duration), which provide for peak borrowing capacity of $515 million. Depending on the amount of natural gas supplies needed and the price of natural gas, working capital outflows could be higher, but liquidity should nonetheless be manageable assuming relatively low gas prices and the replacement of the revolving credit facility, both of which we expect to occur.

In our view, NiSource's liquidity benefits from its ability to absorb high-impact, low-probability events with limited need for refinancing. The company has the flexibility to lower some of its capital spending, it has well-established bank relationships and above-average access to the capital markets, and its risk-management is prudent. The company has significant headroom under the covenant in its debt agreement that requires the maintenance of debt to capital (as defined) to be below 69% (61% as of Dec. 31, 2011).

Outlook

The stable outlook reflects our expectation of stable operating and financial performance at the regulated subsidiaries, annual capital spending of about $1.4 billion, and long-term FFO to debt of about 13%. An FFO to debt ratio sustained below 10% could lead to a lower rating. While we do not currently contemplate an upgrade, credit quality could improve if cash flow metrics considerably improve, specifically FFO to debt of more than 15%

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February 29, 2012

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Secondary Contact:
Michael V Grande, New York (1) 212-438-2242; michael_grande@standardandpoors.com

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NiSource Inc.

BBB-/Stable/A-3

Major Rating Factors

Strengths:

- Conservative business strategy that focuses almost exclusively on regulated businesses;
- Low operating risks and competitive pressures at the gas and electric utility and pipeline segments; and
- Geographic and regulatory diversity provided by regulated operations in seven states.

Weaknesses:

- An aggressive financial profile;
- Subsidiary Northern Indiana Public Service Co.'s high cost structure and heavy dependence on the industrial sector; and
- High capital spending, of about $1.4 billion, that is likely to generate considerable negative discretionary cash flow in 2012

Rationale

Standard & Poor's Ratings Services' rating on Merrillville, Ind.-based NiSource Inc. reflects an "excellent" business risk profile and an "aggressive" financial risk profile (as our criteria define the terms). We base the rating on NiSource on the consolidated business and financial risk profiles of its subsidiaries, Northern Indiana Public Service Co. (NIPSCO; BBB-/Stable/--), Bay State Gas Co. (BBB-/Stable/--), and Columbia Energy Group (CEG; not rated). NiSource is involved in regulated natural gas distribution (nearly 40% of operating income), gas transmission and storage (roughly 35%), and vertically integrated electric operations (about 25%). As of Dec. 31, 2011, NiSource had about $8 billion of total reported debt.

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The stand-alone financial profiles of NiSource's utility subsidiaries are much stronger than the consolidated financial profile, where substantial holding company debt is held. Nevertheless, we view the default risk as the same throughout the organization due to the absence of regulatory mechanisms or other structural barriers that sufficiently restrict subsidiary cash from flowing to the holding company. We consider NiSource's gas distribution operations to be above average, characterized by ample geographic diversity and integration with CEG's gas transmission network, which provide operational flexibility. Nearly all of the gas subsidiaries needs are contracted with Columbia Transmission, with roughly 70% of peak gas needs met with storage gas. Cash flow variability is also low given material revenue stabilization and cost-tracking mechanisms. CEG's gas transmission network has a huge underground storage system (working gas of about 280 billion cubic feet), access to multiple supply basins, slightly over 90% of revenues that are derived from firm, take-or-pay contracts, and a moderate contract life exists mainly at maximum rates.

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MOODY'S
INVESTORS SERVICE

Announcement: Moody's Disclosures on Credit Ratings of NiSource Inc.

Global Credit Research - 02 Mar 2012

New York, March 02, 2012 -- The following release represents Moody's Investors Service's summary credit opinion on NiSource Inc. and includes certain regulatory disclosures regarding its ratings. This release does not constitute any change in Moody's ratings or rating rationale for NiSource Inc. and its affiliates.

Moody's current ratings on NiSource Inc. and its affiliates are:

Pref. Shelf domestic currency rating of (P)Ba2

Preferred shelf -- PS2 domestic currency rating of (P)Ba2

Bay State Gas Company

Senior Unsecured domestic currency rating of Baa2

Senior Unsecured MTN domestic currency rating of (P)Baa2

NiSource Capital Markets, Inc.

BACKED Senior Unsecured domestic currency rating of Baa3

BACKED Senior Unsecured MTN domestic currency rating of (P)Baa3

BACKED Senior Unsec. Shelf domestic currency rating of (P)Baa3

Northern Indiana Public Service Company

Senior Unsecured domestic currency rating of Baa2

Senior Unsecured MTN domestic currency rating of (P)Baa2

LT Issuer Rating rating of Baa2

BACKED Senior Secured domestic currency rating of Baa2

BACKED Senior Unsecured domestic currency rating of Baa2

BACKED LT IRB/PC domestic currency rating of Baa2

BACKED Other Short Term domestic currency rating of VMIG 2

Underlying Senior Unsecured domestic currency rating of Baa2

NiSource Finance Corporation

Senior Unsecured domestic currency rating of Baa3

LT Issuer Rating rating of Baa3

Commercial Paper domestic currency rating of P-3

BACKED Senior Unsecured domestic currency rating of Baa3

BACKED Senior Unsec. Shelf domestic currency rating of (P)Baa3

RATINGS RATIONALE

NiSource's Baa3 ratings reflect modest but repeatable credit metrics which derive from its diverse portfolio of regulated subsidiaries. Being virtually all regulated, the company can support more leverage than similarly rated diversified utilities that are exposed to riskier commodity-price and market-sensitive businesses. Nevertheless, the company is regaining its financial health after spending much of the last decade in maintenance mode due to balance sheet constraints and operational issues. After a round of rate cases in all its jurisdictions and addressing a number of its legacy items, NiSource's financial position has stabilized, and the company is gradually putting more of its capital in growth investments. The rating takes into consideration the management's stated commitment to its current investment-grade rating.

Rating Outlook

NiSource's stable outlook is based on its current financial plan, which should sustain modest but stable metrics, including Moody's adjusted cash flow pre-working capital-to-debt in the low to mid teens.

What Could Change the Rating - Up

If NiSource reduces debt and sustains stronger metrics, including cash flow pre-working capital-to-debt in the mid to upper teens.

What Could Change the Rating - Down

If NiSource fails to achieve top-line revenue growth it expects from its regulatory initiatives and investments or adopts a more aggressive corporate finance model, causing a sustained decline in its credit metrics, such as cash flow pre-working capital-to-debt around 10%.

The principal methodology used in these ratings was Regulated Electric and Gas Utilities published in August 2009. Please see the Credit Policy page on www.moodys.com for a copy of this methodology.

REGULATORY DISCLOSURES

Although these credit ratings have been issued in a non-EU country which has not been recognized as endorsable at this date, the credit ratings are deemed "EU qualified by extension" and may still be used by financial institutions for regulatory purposes until 30 April 2012. Further information on the EU endorsement status and on the Moody's office that has issued a particular Credit Rating is available on www.moodys.com.

For ratings issued on a program, series or category/class of debt, this announcement provides relevant regulatory disclosures in relation to each rating of a subsequently issued bond or note of the same series or category/class of debt or pursuant to a program for which the ratings are derived exclusively from existing ratings in accordance with Moody's rating practices. For ratings issued on a support provider, this announcement provides relevant regulatory disclosures in relation to the rating action on the support provider and in relation to each particular rating action for securities that derive their credit ratings from the support provider's credit rating. For provisional ratings, this announcement provides relevant regulatory disclosures in relation to the provisional rating assigned, and in relation to a definitive rating that may be assigned subsequent to the final issuance of the debt, in each case where the transaction structure and terms have not changed prior to the assignment of the definitive rating in a manner that would have affected the rating. For further information please see the ratings tab on the issuer/entity page for the respective issuer on www.moodys.com.

Information sources used to prepare each of the ratings are the following: parties involved in the ratings, parties not involved in the ratings, public information, confidential and proprietary Moody's Investors Service information, and confidential and proprietary Moody's Analytics information.

Moody's considers the quality of information available on the rated entities, obligations or credits satisfactory for the purposes of issuing these ratings.

Moody's adopts all necessary measures so that the information it uses in assigning the ratings is of sufficient quality and from sources Moody's considers to be reliable including, when appropriate, independent third-party sources. However, Moody's is not an auditor and cannot in every instance independently verify or validate information received in the rating process.

Please see the ratings disclosure page on www.moodys.com for general disclosure on potential conflicts of interests.

Please see the ratings disclosure page on www.moodys.com for information on (A) MCO's major shareholders (above 5%) and for (B) further information regarding certain affiliations that may exist between directors of MCO and rated entities as well as (C) the names of entities that hold ratings from MIS that have also publicly reported to the SEC an ownership interest in MCO of more than 5%. A member of the board of directors of this rated entity may also be a member of the board of directors of a shareholder of Moody's Corporation; however, Moody's has not independently verified this matter.

Please see Moody's Rating Symbols and Definitions on the Rating Process page on www.moodys.com for further information on the meaning of each rating category and the definition of default and recovery.

Please see ratings tab on the issuer/entity page on www.moodys.com for the last rating action and the rating history. The date on which some ratings were first released goes back to a time before Moody's ratings were fully digitized and accurate data may not be available. Consequently, Moody's provides a date that it believes is the most reliable and accurate based on the information that is available to it. Please see the ratings disclosure page on our website www.moodys.com for further information.

Please see www.moodys.com for any updates on changes to the lead rating analyst and to the Moody's legal entity that has issued the rating.

Mihoko Manabe
VP - Senior Credit Officer
Infrastructure Finance Group
Moody's Investors Service, Inc.
250 Greenwich Street
New York, NY 10007
U.S.A.
JOURNALISTS: 212-553-0376
SUBSCRIBERS: 212-553-1653

William L. Hess
MD - Utilities
Infrastructure Finance Group
JOURNALISTS: 212-553-0376
SUBSCRIBERS: 212-553-1653

Releasing Office:
Moody's Investors Service, Inc.
250 Greenwich Street
New York, NY 10007
U.S.A.
JOURNALISTS: 212-553-0376
SUBSCRIBERS: 212-553-1653

MOODY'S
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MOODY'S
INVESTORS SERVICE

US Regulatory Support for NiSource Pipeline Modernization Is Credit Positive

From Weekly Credit Outlook

[illegible]
Analyst Contacts:
[illegible]	[illegible]
[illegible]
[illegible]

On 20 April, NiSource Inc. (Baa3 stable) said that US Department of Transportation (DOT) Secretary Ray LaHood had pledged to expedite the regulatory and approval process for the company's $4 billion, 15-year program to upgrade its natural gas pipeline system in the northeastern US. This development is credit positive for NiSource.

The DOT's commitment to NiSource smoothes the path for an extensive pipeline upgrade program that proposes replacing some of the country's oldest, still-operating pipes, and improving the system's access to the promising gas-producing Marcellus and Utica shale regions in Pennsylvania and Ohio. NiSource's pipeline upgrade program will reduce the likelihood of an accident with its potentially large financial and reputational costs, and drive future earnings growth through a renewed capital investment in its network.

At this stage, explicit support from the DOT, which oversees US pipeline safety, gives a high-profile boost to NiSource as it embarks on approval processes with numerous constituents at federal, state, and local levels, including environmental agencies.

NiSource's pipeline upgrade program is particularly noteworthy on two fronts. First, it is the first multi-billion dollar program to be announced outside California since 2010, when Pacific Gas & Electric Company's (A3 stable) pipeline exploded in San Bruno, California. Second, it proposes an infrastructure tracker surcharge to recover upgrade-related costs from its customers, a first for interstate gas pipelines.

A tracker surcharge would enable NiSource to recover its ongoing costs quickly, rather than going through a costly, drawn-out rate case. Pipeline revenues are underpinned by privately negotiated contracts with customers, so they would have to agree to a new surcharge.

We believe other pipelines will initiate safety-related programs that will cost billions of dollars for the industry as rules tighten over the next few years. Most pipelines in the US are more than 40 years old and will need to be replaced, or have new facilities added to allow for more testing to ensure their safety under the recently passed federal pipeline safety law.[1]

What is Moody's Weekly Credit Outlook?

Moody's Weekly Credit Outlook provides our research clients with timely opinions on breaking credit market developments and trends. Published every Monday morning, the newsletter will help you start your week informed of Moody's latest opinions from across the organization.

1 See Pipeline Safety Costs Rising As Alternative Rate Designs Sought, 25 April 2012.

Over the next several years, these pipelines will need to negotiate reasonable plans with regulators and customers, enabling their compliance with the new pipeline safety mandates, while recovering those costs quickly enough so that their credit metrics do not deteriorate. We believe NiSource is in a good position to negotiate an accelerated cost-recovery mechanism, as numerous customers would want reliable access to the Marcellus and Utica shales. If the company is successful, it will set a precedent that other issuers are likely to follow, which would be credit positive for the industry at large.

Report Number: 141693

Author
Mihoko Manabe, CFA

Production Specialist
Wing Chan

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INVESTORS SERVICE

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& POOR'S
RATINGS SERVICES

RatingsDirect®

Summary:

NiSource Inc.

Primary Credit Analyst:
Gerrit W Jepsen, CFA, New York (1) 212-438-2529; gerrit_jepsen@standardandpoors.com

Secondary Contact:
Michael T Ferguson, CFA, CPA, New York (1) 212-438-7670;
michael_ferguson@standardandpoors.com

Table Of Contents

Summary:

NiSource Inc.

Credit Rating: BBB-/Stable/A-3

Rationale

Standard & Poor's Ratings Services bases its rating on Merrillville, Ind.-based energy company NiSource Inc. on the consolidated credit profile that includes what we consider to be an "excellent" business risk profile and an "aggressive" financial risk profile. We base the rating on NiSource on the consolidated business and financial risk profiles of its subsidiaries, Northern Indiana Public Service Co. (NIPSCO; BBB-/Stable/--), Bay State Gas Co. (BBB-/Stable/--), and Columbia Energy Group (CEG; not rated). NiSource is involved in regulated natural gas distribution (nearly 40% of operating income), gas transmission and storage (roughly 35%), and vertically integrated electric operations (about 25%).

The excellent business risk profile incorporates NiSource's business strategy centered almost exclusively on regulated operations, a diverse service area that encompasses seven states, and the low operating risks of its regulated utilities. A large residential customer base and lack of competition in the company's regulated service territories also support the business risk profile. These strengths are somewhat tempered by the company's aggressive financial risk profile, high capital spending, and NIPSCO's higher-than-average dependence on industrial customers.

We consider NiSource's gas distribution operations to be above average, characterized by ample geographic diversity and integration with CEG's gas transmission network, which provide operational flexibility. Nearly all of the gas subsidiaries needs are contracted with Columbia Transmission, with roughly 70% of peak gas needs met with storage gas. Cash flow variability is also low given material revenue stabilization and cost-tracking mechanisms. CEG's gas transmission network has a huge underground storage system (working gas of about 280 billion cubic feet), access to multiple supply basins, slightly more than 90% of revenues that are derived from firm, take-or-pay contracts, and a moderate contract life exists mainly at maximum rates.

NIPSCO mostly burns coal (nearly 80% of capacity), so it incurs higher-than-average environmental costs, although there is timely cost recovery through an environmental rate surcharge. NIPSCO's customer growth is flat, service territory unemployment is slightly higher than the national average (Standard & Poor's base-case scenario is 8.4% for 2012), and it has very significant industrial exposure with these customers representing about one-half of its total volumes. The industrial customers are susceptible to a weak economy, although volumes are back to typical levels following a falloff in recent years due to a weak economy. Standard & Poor's base-case forecast for 2012 is for GDP growth of 2.1% and a 7.7 % rise in equipment investment, both indicators of near-term stability in NIPSCO's industrial customer exposure. NIPSCO's residential rates are higher than the state average, although they are not the highest in the state and are lower than the national average.

The consolidated financial risk profile, which we consider aggressive, reflects adjusted financial measures that are mostly in line with the rating. For the 12 months ended June 30, 2012, funds from operations (FFO) to total debt was robust at 18%. Debt leverage was high as evidenced by total debt to total capital of 63% and debt to EBITDA of 5.4x. Net cash flow (FFO less dividends) to capital spending was healthy at 100% but we expect this measure to trend down somewhat. After reducing cash flow from operations with capital spending and dividends, discretionary cash flow was negative $344 million, indicating a need for external funding. We expect it to remain negative. FFO interest coverage was a supportive 4.7x, and the company's dividend payout ratio was 80%, which is higher than the industry average.

In our base-case forecast scenario, we expect FFO to total debt to be about 14% and debt to EBITDA of 5x. Total debt to total capital should average around 60% while we expect FFO interest coverage to be approximately 3.5x. Initiatives to improve regulatory design and increase rates at the gas distribution companies, several pipeline expansions, and the inclusion of the Sugar Creek power plant into rate base should improve and further stabilize cash in the longer term. The company expects to direct about three-quarters of capital spending at utility maintenance and rate-tracked investments, with the remainder on growth projects. The largest source of new growth projects will likely be in the Marcellus Shale gas-gathering region, which the company expects to be a long-term program with meaningful, but well-spread, expenditures backed by long-term off-take contracts.

Liquidity

Our short-term rating on NiSource is 'A-3'. We consider NiSource's liquidity as "adequate" under our liquidity methodology. We base our liquidity assessment on the following factors and assumptions:

- We expect NiSource's liquidity sources over the next 12 months, including cash, FFO, and credit facility availability, to exceed uses by 1.2x. Uses include necessary capital spending, working capital, debt maturities, and shareholder distributions.
- Debt maturities are manageable over the next 12 months.
- We believe liquidity sources would exceed uses even if EBITDA declines 15%.
- In our assessment, NiSource has good relationships with its banks, and has a good standing in the credit markets, having successfully issued debt during the recent credit crisis.

In our analysis of the company's liquidity over the next 12 months, we assume about $2 billion of liquidity sources, consisting of cash, FFO, and credit facility availability. We estimate liquidity uses of $1.6 billion for capital spending, maturing debt, working capital, and shareholder distributions.

NiSource's credit agreements include a financial covenant requiring debt to total capitalization to be below 69%, which it was as of March 31, 2012.

Debt maturities are manageable through 2016, with $315 million in 2012, $488 million in 2013, $500 million in 2014, $480 million in 2015, and $422 million in 2016.

Outlook

The stable outlook reflects our expectation of stable operating and financial performance at the regulated subsidiaries and annual capital spending of about $1.4 billion. Our base forecast includes FFO to debt of about 14%, debt to EBITDA around 5x, and debt leverage to total capital below 62%, consistent with our expectations for the rating. We could lower ratings if financial measures weaken and remain at less-supportive levels, including FFO to debt ratio below 10%. While we do not currently contemplate an upgrade, credit quality could improve if cash flow metrics considerably improve, specifically FFO to debt of more than 15% on a sustained basis. In addition, we would expect debt to EBITDA below 5x and debt leverage under 60%. The company can accomplish this by paying down debt with increased equity sales, asset dispositions, or generating higher internal cash flow.

Related Criteria And Research

- Liquidity Descriptors For Global Corporate Issuers, Sept. 28, 2011
- Business Risk/Financial Risk Matrix Expanded, May 27, 2009
- Analytical Methodology, April 15, 2008
- Ratios And Adjustments, April 15, 2008

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Credit Opinion: NiSource Inc.

Global Credit Research - 16 Nov 2012

Merrillville, Indiana (State of), United States

Ratings

Category	Moody's Rating
Outlook	Stable
Pref. Shelf	(P)Ba2
NiSource Finance Corporation	
Outlook	Stable
Issuer Rating	Baa3
Bkd Sr Unsec Bank Credit Facility	Baa3
Senior Unsecured	Baa3
Commercial Paper	P-3
NiSource Capital Markets, Inc.	
Outlook	Stable
Bkd Senior Unsecured	Baa3
Northern Indiana Public Service Company	
Outlook	Stable
Issuer Rating	Baa2
Senior Unsecured	Baa2
Bay State Gas Company	
Outlook	Stable
Senior Unsecured	Baa2

Contacts

Analyst	Phone
Mihoko Manabe/New York City	212.553.1942
William L. Hess/New York City	212.553.3837

Key Indicators

[1]**NiSource Inc.**

	LTM 09/30/2012	2011	2010	2009
(CFO Pre-W/C + Interest) / Interest Expense	3.7x	3.8x	3.9x	3.4x
(CFO Pre-W/C) / Debt	13.8%	13.7%	15.7%	13.3%
(CFO Pre-W/C - Dividends) / Debt	10.8%	10.7%	12.6%	10.3%
Debt / Book Capitalization	51.4%	53.7%	53.6%	56.1%

[1] All ratios calculated in accordance with the Global Regulated Electric Utilities Rating Methodology using Moody's standard adjustments.

Note: For definitions of Moody's most common ratio terms please see the accompanying User's Guide.

Opinion

Rating Drivers

- Pipelines: new push into system modernization and midstream activity
- LDCs: stabilized by rate increases and design improvements
- NIPSCO: focused on environmental spending
- Bay State: a limited rate increase but stabilizing cost recovery mechanisms maintained
- Leveraged but stable credit metrics
- Strategy to protect current investment-grade rating

Corporate Profile

NiSource Inc. (Baa3 senior unsecured for its guaranteed financing vehicles) is a holding company with regulated local natural gas distribution company (LDC) subsidiaries in Ohio, Pennsylvania, Virginia, Massachusetts, Kentucky, and Maryland; a combination electric and gas utility operation in Indiana; and an interstate gas pipeline system that runs from the Gulf Coast to the Northeast. The company has three segments: Gas Distribution (LDC, about 40% of segment operating income, before corporate items), Transmission and Storage (Pipelines, roughly 40% of operating income), and Electric (about 20% of operating income). While the company has one the largest LDC, gas pipeline, and gas storage systems in the US, its vertically-integrated electric utility is considered mid-sized. Two of NiSource's utility subsidiaries are rated: Bay State Gas Company (Bay State, doing business as Columbia Gas of Massachusetts) and Northern Indiana Public Service Company (NIPSCO), both Baa2 on a senior unsecured basis with a stable outlook. Please refer to Moody's Credit Opinion on NIPSCO for more details.

SUMMARY RATING RATIONALE

NiSource is a stable but mature combination of regulated gas and electric companies that produce modest but repeatable credit metrics. Being virtually all regulated, the company can support more debt than similarly rated diversified utilities that are exposed to riskier commodity-price and market-sensitive businesses. The company had only recently begun to show some improvement in its cash-flow ratios, after spending much of the last decade in maintenance mode, due to balance sheet constraints and various operational issues. After a round of rate cases in all its jurisdictions and its financial position more stabilized, the company is now accelerating its growth spending. Of its capital budget, about 30% is allocated to maintaining its ageing assets and 70% to growth or rate base investments in jurisdictions where tracker mechanisms provide accelerated recovery. This more aggressive spending plan will arrest the recent positive trend in its credit metrics and keep them anemic for several years; however, we believe that management will maintain financial policies that prevent its metrics from materially worsening and will take steps, if necessary, to defend its current investment-grade rating.

DETAILED RATING CONSIDERATIONS

PIPELINES: NEW PUSH INTO SYSTEM MODERNIZATION AND MIDSTREAM

The Pipeline segment is NiSource's highest-return operation and historically the most reliable excess cash generator among NiSource's three segments. It also has the most long-term growth potential, so more growth capital will be spent in this segment than in the other two.

The news for NiSource's Pipeline segment is the tentative settlement it reached with its shippers to modernize its pipeline system (Modernization Plan). If approved by the FERC, the company will invest up to $300 million a year over the next five years to replace and refurbish its pipelines and compressor stations. The terms contain certain elements that are similar to main replacement trackers at its LDCs. The cost recovery mechanisms entail an annual true-up that is recovered or refunded three months after filing, and the investment earns a set return.

This plan is noteworthy because it promotes a tracker mechanism, specifically meant for system modernization, as the industry faces more stringent pipeline safety requirements. This recovery mechanism is particularly important for NiSource which owns some of the country's oldest pipes in some highly populated areas, where safety is all the more critical. This is a positive step in mitigating the risk of a pipeline failure.

The Modernization Plan did entail significant concessions, such as a $25 million refund in each of 2012 and 2013 in addition to base revenue reductions of $35 million beginning in 2012 and another $25 million in 2014. The magnitude of these givebacks will cause NiSource's consolidated cash flow metrics to moderately decline over the next few years, as pipeline cash flow stagnates while spending accelerates.

On the upside, NiSource is pursuing a host of growth projects to transport gas from the nearby Marcellus and Utica shale production areas. Some significant projects in the hundreds of millions of dollars are in the works, in contrast to the more numerous, smaller projects it has historically taken on. The company is also diversifying into gathering and processing in this region, as indicated by the recently formed Pennant joint venture with Hilcorp (Hilcorp Energy I., L.P., Ba3 CFR). These unregulated activities entail more business risk than its core operations, but we believe that any material financial impact from such projects is at least a few years off.

LDCS: STABILIZED BY RATE INCREASES AND DESIGN IMPROVEMENTS

NiSource's LDCs have become steadier and more profitable over the past several years from rate increases and improved rate designs. Since 2007, a round of rate cases in all of its jurisdictions brought rate relief that increased this segment's operating income by over 20%.

As part of this ongoing effort, NiSource is in the midst of a rate case with the Pennsylvania Public Utility Commission (PUC), seeking an increase in annual revenues of $77 million to primarily cover infrastructure upgrades and fund ongoing energy efficiency programs. This rate case is noteworthy as the first case filed under Pennsylvania's recently enacted Act 11. As now allowed under this new law, Columbia Gas of Pennsylvania's case is based on a fully projected test year and includes an infrastructure investment recovery mechanism to support the ongoing modernization efforts of its ageing system. Given that this is the first case filed under Act 11, no ruling is expected before summer 2013, giving the PUC time to fully analyze what will become a precedent setting case for the state.

Costs to refurbish the ageing system continue to increase. Consequently, NiSource has sought regulatory mechanisms to meet its infrastructure integrity mandates at a reasonable return. It has some form of expedited recovery mechanism in all its LDC jurisdictions except Indiana (Ohio, Pennsylvania, Massachusetts, Virginia, Kentucky, and Maryland). The majority of the capital expenditures made in the LDC segment will be allocated to such programs, which provide for accelerated recovery without a rate case filing.

Because customer growth is flat and usage is declining, NiSource has also sought to make its rates less sensitive to volumes delivered. The company has been allowed decoupling or straight fixed variable rate designs in Ohio, Massachusetts, and Virginia, which together account for about half of its customers. In jurisdictions where these changes have not been allowed, NiSource has obtained increases in the fixed customer charge, making it less reliant on the volumetric commodity charge. Additionally, NiSource earns non-base rate revenues from sharing of capacity release and off-system sales, and it has a timely purchased gas adjustment mechanism in all its jurisdictions.

CREDIT PROFILE OF SIGNIFICANT SUBSIDIARIES

NIPSCO: Focused on Environmental Spending

NIPSCO's generation portfolio is mostly coal-fired and thus subject to costly environmental mandates. NIPSCO expects to spend approximately $800 million on environmental controls over the coming years, more than half of which is related to adding flue-gas desulfurization units at its Schahfer and Michigan City facilities. Indiana regulation, however, has a long record of providing numerous environmental trackers and other supportive ratemaking mechanisms that have helped the state's coal fleet meet federal environmental standards, and we expect NIPSCO will be able to recover these costs in a timely manner. In addition, NIPSCO is developing some electric transmission projects that will earn FERC returns-on-equity of about 12%, which are about 2% higher than those allowed for its state-regulated operations.

BAY STATE: A Limited Rate Increase But Stabilizing Cost Recovery Mechanisms Maintained

In 2012, Bay State completed a rate case with the Massachusetts Department of Public Utilities (DPU), and received a $7.8 million distribution rate increase effective November 1. This rate increase was 27% of what the company had requested, and based on a 9.45% return-on-equity, a decrease from the 9.95% allowed previously. The DPU decided against allowing the company to include estimated future capex costs in its rate base, but did allow the addition of small cast iron and wrought iron pipes to an accelerated pipeline replacement program. Despite the reduced return-on-equity and limited rate increase, the order is supportive of Bay State's credit profile because it maintains the previously adopted decoupling mechanism which protects the company's margins from declines in volumes. From a consolidated standpoint, the DPU order will not significantly impact the parent company's credit metrics. Bay State accounts for about 6% of NiSource's consolidated total assets and less than 1% of its long-term debt ($40 million of rated external debt).

LEVERAGED BUT STABLE CREDIT METRICS

Cash flow from operations pre-working capital is recently being sustained in the $1.1 to $1.2 billion range. These amounts reflect the temporary benefits of bonus depreciation and modestly rising earnings that are offset by cost inflation, in particular, pension obligations. NiSource's significant debt will undoubtedly increase due to the funding gap expected over the next few years. As of September 30, 2012, the company reported $7.6 billion of total debt, to which Moody's adds roughly $800 million of standard adjustments for pensions and operating leases. We expect the company' credit metrics to weaken, for example, cash flow from operations pre-working capital to debt falling from 13.8% (last twelve months as of September 30, 2012) to the 11-13% range over the next several years, but still maintaining investment-grade quality overall.

STRATEGY TO PROTECT CURRENT INVESTMENT-GRADE RATING

Over the past few years, the company has progressively raised its capital budget from a maintenance level of about $800 million in 2010 to $1.5 billion in 2012. Over the next several years, it expects to keep capital spending at even a higher level in the $1.5 to $1.8 billion range. The company expects that increased capital investments and common dividends will result in a funding gap of $500 to almost $1 billion a year. Regular debt issuances will result in incremental debt of roughly $600 million a year. While bonus depreciation and net operating loss carryforwards will help to fill the gap over another year or so, over time the running deficit will necessitate some equity financing in order for the company to maintain its current investment-grade balance sheet.

NiSource has long stated and acted upon its commitment to its investment-grade ratings, as demonstrated by $339 million of equity issued in September 2012 and its plans to issue additional equity in 2015. It has a dividend reinvestment program that raised almost $50 million in the last twelve months ended September 2012 (LTM 9/12). After keeping its dividend rate unchanged, from 2004 to 2011, NiSource has begun slowly increasing its dividend per share, targeting a 60-70% payout ratio. NiSource's Baa3 rating is based on the assumption that the company will maintain its financial position by managing the level of capital expenditures and dividend growth, issuing equity occasionally, and eschewing more aggressive financial engineering strategies, such as creating an MLP structure.

Notching Considerations

NiSource's operating subsidiaries, Bay State and NIPSCO, are rated one notch above NiSource to reflect their lower default probability and the structural seniority of their respective debt to substantially all the consolidated debt at the parent level. Bay State's debt is also guaranteed by NiSource, and the utility's debt's higher than expected recovery rates support a rating a notch higher than that of the non-operating holding company that guarantees it.

As shown in the methodology grid below, the grid indicates a rating of Baa2, which does not reflect the structural subordination that causes the actual parent rating to be Baa3. Ratings within the NiSource family are notched closely, because of the company's practice to centrally manage its subsidiaries' cash flow in a corporate money pool and consolidating its debt financing at its guaranteed financing subsidiary NiSource Finance Corporation.

Liquidity Profile

NiSource has a $1.5 billion credit facility, due in May 2017, that supports the company's $500 million Prime-3 rated commercial paper program. The company is in the process of amending its commercial paper program to increase its capacity to $1.5 billion. The bank facility was amended in September 2012 to provide for same-day funding to cover the entire $1.5 billion committed under this facility, which is an improvement over the $250 million of same-day funds that was available previously. The credit facility also provides for reliable access to funds by not requiring the company to represent and warrant as to any material adverse change (MAC) at each borrowing. The sole financial covenant is a debt-to-capitalization ratio of 70%. The company was sufficiently under this limit with a ratio of 59% as of September 30, 2012. As of that date, the company had available $1,426 million of unused capacity under its revolver plus $12 million of cash.

Rating Outlook

NiSource's stable outlook is based on its current financial plan, which should sustain modest but stable metrics, including Moody's adjusted cash flow pre-working capital-to-debt in the low to mid teens.

What Could Change the Rating - Up

NiSource's rating is unlikely to be upgraded in the foreseeable future given its relatively weak credit metrics and the implementation of its expanded investment program, which will entail incremental debt. Longer term, the company could be upgraded if it successfully reduces its debt and sustains stronger metrics, including cash flow pre-working capital to debt in the mid to upper teens.

What Could Change the Rating - Down

If NiSource fails to achieve top-line revenue growth it expects from its expanded investment program or adopts a more aggressive corporate finance model, causing a sustained decline in its credit metrics, such as cash flow pre-working capital-to-debt around 10% or below for an extended period.

Rating Factors

NiSource Inc.

Regulated Electric and Gas Utilities Industry [1][2]	LTM 09/30/2012		Moody's 12-18 month Forward View* As of November 2012	
Factor 1: Regulatory Framework (25%)	Measure	Score	Measure	Score
a) Regulatory Framework		Baa		Baa
Factor 2: Ability To Recover Costs And Earn Returns (25%)				
a) Ability To Recover Costs And Earn Returns		Baa		Baa
Factor 3: Diversification (10%)				
a) Market Position (5%)		A		A
b) Generation and Fuel Diversity (5%)		Ba		Ba
Factor 4: Financial Strength, Liquidity And Key Financial Metrics (40%)				
a) Liquidity (10%)		Baa		Baa
b) CFO pre-WC + Interest/ Interest (7.5%)	3.7x	Baa	3.5 - 3.8x	Baa
c) CFO pre-WC / Debt (7.5%)	13.8%	Baa	12 - 15%	Baa
d) CFO pre-WC - Dividends / Debt (7.5%)	10.8%	Baa	9 - 10%	Baa
e) Debt/Capitalization (7.5%)	51.4%	Baa	53 - 55%	Baa
Rating:				
a) Indicated Rating from Grid		Baa2		Baa2
b) Actual Rating Assigned		Baa3		Baa3

* THIS REPRESENTS MOODY'S FORWARD VIEW; NOT THE VIEW OF THE ISSUER; AND UNLESS NOTED IN THE TEXT DOES NOT INCORPORATE SIGNIFICANT ACQUISITIONS OR DIVESTITURES

[1] All ratios are calculated using Moody's Standard Adjustments. [2] As of 09/30/2012(LTM); Source: Moody's Financial Metrics

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FitchRatings

Fitch Affirms NiSource's Issuer Default Rating at 'BBB-'; Outlook Stable

Ratings Endorsement Policy

11 Dec 2012 3:54 PM (EST)

Fitch Ratings-New York-11 December 2012: Fitch Ratings has affirmed the outstanding ratings for NiSource Inc. (NI) and its subsidiaries as fully listed at the end of this release. The affirmations include NiSource Finance Corp. (NiSource Finance) and NiSource Capital Markets Inc., NI's two financing subsidiaries and Northern Indiana Public Service Co. (NIPSCO), an electric and gas utility. The Rating Outlooks are maintained at Stable. Approximately $7.2 billion of long-term debt is affected by the rating actions.

KEY RATING DRIVERS: NI's rating and Stable Outlook reflect the low business risk and consistent operating performance generated by its geographically diverse mix of regulated operations. Other considerations include the long-term financial impact of aggressive pipeline and gas utility system modernization programs and electric environmental capital expenditures, with a substantial portion of recoveries expected to be received through tracking mechanisms and relatively weak credit metrics at NI.

FORWARD EXPECTATIONS: NI's financial profile is expected to remain consistent with its current rating though its current multi-year infrastructure-build cycle. Fitch projects NI's 2012 debt to EBITDA to be approximately 5.0x. Typically NI's leverage peaks at the end of the year as a result of seasonal gas storage purchases at its gas utilities and drops during the following months as gas costs are recovered. Leverage ratios modestly strengthened during 2012 primarily benefiting from new electric rates effective Dec. 27, 2011, $339 million forward equity sale in September 2012, and the timely financial recovery under tracking mechanisms of a significant portion of NI's capital expenditures.

LIQUIDITY: NI's liquidity is expected to be adequate. NiSource Finance has a $1.5 billion revolving credit facility that matures in May 2017. The company also issues 'F3' rated commercial paper under a $500 CP program that is backstopped by the revolver. The revolver has one financial covenant which sets a maximum consolidated debt-to-cap ratio of 70%. The revolver also includes limitations on liens and restrictions on asset sales. At the end of the third quarter of 2012 NI had approximately $1.439 billion in net available liquidity. NI also has a total of $515 million of accounts receivable securitization facilities as follows: $240 million at Columbia Gas of Ohio; $200 at NIPSCO; and $75 million at Columbia Gas of Pennsylvania. Upcoming debt maturities at NiSource Finance include $420 million of notes due 2013 and at NIPSCO $68 million due 2013.

RATING TRIGGERS

Positive: Future developments that may, individually or collectively, lead to a positive rating action include: reduced regulatory risk with expanded revenue tracking mechanisms and improving credit metrics through some combination of earnings growth and/or debt reduction.

Negative: Future developments that may, individually or collectively, lead to a negative rating action include: unfavorable regulatory decisions and higher than anticipated leverage which could result should NI not issue adequate equity to help fund its significant capital program. Debt to EBITDA above 5.5x on a sustained basis would be a catalyst for a negative rating action.

The following ratings have been affirmed with a Stable Outlook:

NiSource Inc.
--Issuer Default Rating (IDR) at 'BBB-'.

NiSource Finance Corp.
--IDR at 'BBB-';
--Senior unsecured 'BBB-'
--Short term IDR 'F3';
--Commercial paper 'F3.

NiSource Capital Markets
--IDR 'BBB-';
--Senior unsecured 'BBB-'.

Northern Indiana Public Service Co.
--IDR 'BBB-';
--Senior unsecured and revenue bonds 'BBB'.

Contact:

Primary Analyst
Ralph Pellecchia
Senior Director
+1-212-908-0586
One State Street Plaza
New York, NY 10004

Secondary Analyst
Kathleen Connelly
Director
+1-212-908-0290

Committee Chairperson
Mark C. Sadeghian, CFA
Senior Director
+1-312 368-2090

Media Relations: Brian Bertsch, New York, Tel: +1 212-908-0549, Email: brian.bertsch@fitchratings.com.

Additional information is available at 'www.fitchratings.com'. The ratings above were solicited by, or on behalf of, the issuer, and therefore, Fitch has been compensated for the provision of the ratings.

Applicable Criteria and Related Research:
--'Corporate Rating Methodology' (Aug. 8, 2012);
--'2013 Outlook: Natural Gas Pipelines and MLPs' (Nov. 30, 2012);
--'Pipelines, Midstream, and MLP Stats Quarterly - Second Quarter 2012' (Sept. 27, 2012);
--'Marcellus Shale Report: Midstream and Pipeline Sector Challenges and Opportunities' (June 10, 2012);
--'Top Ten Questions Asked by Pipeline, Midstream, and MLP Investors' (May 1, 2012);
--'Natural Gas Pipelines: Hot Topics' (Oct. 13, 2011).

Applicable Criteria and Related Research:
Corporate Rating Methodology
2013 Outlook: Natural Gas Pipelines & MLPs
Pipelines, Midstream, and MLP Stats Quarterly -- Second-Quarter 2012 (Second-Quarter Review)
Marcellus Shale Report: Midstream and Pipeline Sector -- Challenges/Opportunities
Top Ten Questions Asked by Pipeline, Midstream and MLP Investors
Natural Gas Pipelines: Hot Topics -- Long-Term Trends Affecting Pipeline Risk

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NiSource Inc.

Primary Credit Analyst:
Gerrit W Jepsen, CFA, New York (1) 212-438-2529; gerrit_jepsen@standardandpoors.com

Secondary Contact:
Michael T Ferguson, CFA, CPA, New York (1) 212-438-1000;
michael_ferguson@standardandpoors.com

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NiSource Inc.

Corporate Credit Rating	BBB-/Stable/A-3

Profile Assessments

BUSINESS RISK	EXCELLENT	Vulnerable ... Excellent
FINANCIAL RISK	AGGRESSIVE	Highly leveraged ... Minimal

Rationale

Business Risk: Excellent

- Conservative business strategy that focuses almost exclusively on regulated businesses
- Regulated utilities with mostly low operating risks
- Lack of competition in regulated service territories
- Diverse service area in seven states and numerous regulatory jurisdictions
- Large residential customer base
- Gas distribution operations with geographic diversity and integration with the company's gas transmission network, providing operational flexibility
- Electric utility subsidiary Northern Indiana Public Service Co.'s higher-than-average dependence on industrial customers and flat growth at the utility

Financial Risk: Aggressive

- Relatively high debt leverage (debt to EBITDA of more than 5x) that we expect to remain at this level or higher
- Subsidiary Northern Indiana Public Service Co.'s high cost structure and heavy dependence on the industrial sector
- High capital spending
- Continuing high dividends
- Negative discretionary cash flow that could grow with greater capital spending

Outlook: Stable

The stable outlook reflects our expectation of steady operating and financial performance at the regulated subsidiaries and annual capital spending of more than $1.5 billion. Our base forecast includes FFO to debt of about 12%, debt to EBITDA of about 5.5x, and debt leverage to total capital of less than 63%, consistent with our expectations for the rating.

Downside scenario

We could lower ratings if financial measures weaken and remain at less-supportive levels, including a FFO to debt ratio of less than 10%.

Upside scenario

While we do not currently contemplate an upgrade, credit quality could improve if cash flow measures considerably improve, specifically FFO to debt of more than 15% on a sustained basis. In addition, we would expect debt to EBITDA of less than 5x and debt leverage of less than 60%. The company can accomplish this by paying down debt with higher internally generated cash flow, increased equity issuances, or asset dispositions.

Standard & Poor's Base-Case Scenario

Our base case scenario results in moderate EBITDA growth, growing capital spending, and rising debt leverage.

Assumptions

- Low single-digit base (excludes rate rider recovery) growth in EBITDA for the next three years
- Rate recovery through various surcharge mechanisms is authorized by regulatory commissions
- High dividend and capital spending that results in negative discretionary cash flow, resulting in external funding requirements
- Annual capital spending forecasted to be $1.5 billion to $1.8 billion over next three years

Key Metrics

	LTM 9/30/2012	2013E	2014E
FFO/Total debt	18.9%	12%-13%	11%-12%
Debt/EBITDA	5.3x	5.3x-5.7x	5.3x-5.7x
Total debt/Total capital	61.2%	62%-66%	63%-67%

*Standard & Poor's adjusted consolidated financial ratios for NiSource include adjustments for operating leases ($140 mil. of debt), pension-related items ($604 mil.), accrued interest not included in reported debt ($112 mil.), and asset retirement obligations ($95 mil.). EBITDA adjustments include pension-related items ($28 mil.), share-based compensation expense ($39 mil.), and income of unconsolidated companies ($28 mil.). FFO adjustments include pension-related items ($283 mil.). A--Actual. E--Estimate.

Company Description

NiSource Inc. is an energy hold company that is one of the largest natural gas distribution companies in the U.S., with nine gas distribution subsidiaries serving roughly 3.3 million customers in seven states extending from Indiana to Massachusetts. NiSource owns and operates 15,000 miles of interstate pipelines, and its natural gas storage operations can hold up to 640 billion cubic feet (bcf) of natural gas. Subsidiary Northern Indiana Public Service Co. (NIPSCO) provides electricity to 457,000 customers in northern Indiana. NiSource Finance Corp. is the financing entity for NiSource Inc., which is the guarantor of all the debt.

Business Risk: Excellent

Mostly regulated natural gas and electric operations

NiSource consist of low-risk regulated utilities and natural gas pipelines and will generate more than 80% of its operating cash flow through regulated operations. We consider the company's gas distribution operations to be above average, characterized by ample geographic diversity and integration with the company's gas transmission network, which provide operational flexibility. Nearly all of the gas distribution subsidiaries' needs are contracted with Columbia Transmission, with roughly 70% of peak gas needs met with storage gas. This bolsters service reliability, thereby supporting the business risk profile. Cash flow variability is also low given material revenue stabilization and cost-tracking mechanisms. The gas transmission network has a huge underground storage system (working gas of about 280 billion cubic feet) and access to multiple supply basins. Slightly more than 90% of revenues are derived from firm take-or-pay contracts, and a moderate contract life exists mainly at maximum rates. These contracts provide more cash flow certainty because gas shippers pay whether or not they have gas to be transported.

NIPSCO mostly burns coal (nearly 80% of capacity), so it incurs higher-than-average environmental costs, but there is timely cost recovery through an environmental rate surcharge. NIPSCO's customer growth is flat, service territory unemployment is slightly higher than the national average, and it has significant industrial customer exposure representing about one-half of its total volumes. The industrial customers are susceptible to a weak economy, but volumes are back to typical levels following a falloff in recent years due to a weak economy. NIPSCO's residential rates are higher than the Indiana state average, but not the highest and are lower than the national average.

Reflected in the business risk profile is our assessment of the company's management and governance as "satisfactory". Management will execute its strategy to expand its midstream operations in a credit supportive manner that helps maintain a business risk profile assessment. There will be effective management of regulatory relationships.

S&P Base-Case Operating Scenario

- The economic conditions in the company's service territories are either holding steady or improving, which will likely increase customer usage.
- Base EBITDA is forecasted to grow from customer growth, volume-related growth, and expansion projects that are expected to come into service over the forecasted period.
- Utility subsidiaries operate under regulatory terms that largely support credit quality and are generally constructive, which includes good gas adjustment and other cost-pass-through mechanisms. These provide for timely recovery of costs that helps support steady revenues.
- NIPSCO continues spending on new transmission projects and pollution-control equipment while seeking higher operating cash flow through various rate surcharges and base rates. Once rate recovery of these investments begins, we forecast that revenue and EBITDA will grow beyond base levels.
- For the gas-gathering business, the largest source of new growth projects will likely be in the Marcellus Shale gas-gathering region, with spending backed by long-term off-take contracts, boosting EBITDA growth.
- Over the next five years, the company expects to spend $1.5 billion to modernize Columbia Transmission. An additive capital demand charge will help support cost recovery.

Peer comparison

Table 1

NiSource Inc.--Peer Comparison

Industry sector: combo

	NiSource Inc.	CenterPoint Energy Inc.	Sempra Energy	Vectren Corp.	AGL Resources Inc.
Rating as of Feb. 25, 2013	BBB-/Stable/A-3	BBB+/Stable/A-2	BBB+/Stable/A-2	A-/Stable/--	BBB+/Stable/A-2
	--Average of past three fiscal years--				
(Mil. $)					
Revenues	6,363.5	8,128.7	9,048.3	2,161.2	2,342.7
EBITDA	1,593.9	1,790.0	3,429.6	555.8	685.8
Operating income	982.5	1,186.0	1,903.0	323.6	505.8
EBIT	996.0	1,235.3	2,275.0	317.1	512.6
Interest Expense	430.2	509.7	656.0	109.2	128.1
Net income from cont. oper.	276.5	528.0	1,071.7	136.1	209.3
Funds from operations (FFO)	1,337.6	1,312.9	2,326.1	466.6	542.8
Working capital	157.7	161.0	(141.0)	(35.7)	17.7
Cash flow from operations	1,495.2	1,473.9	2,185.1	430.9	560.4
Capital expenditures	938.4	1,258.7	2,278.6	343.2	504.0
Free operating cash flow	556.8	215.2	(93.5)	87.6	56.4
Dividends paid	255.6	310.7	391.0	110.9	157.0
Discretionary cash flow	301.3	(95.4)	(484.5)	(23.2)	(100.6)
Cash and short-term investments	12.4	737.3	424.7	10.3	57.3
Debt	8,207.1	7,611.3	12,355.5	1,978.2	3,415.5
Preferred stock	0.0	0.0	152.3	0.0	0.0
Equity	5,013.5	3,353.0	9,655.7	1,445.1	2,331.3
Adjusted ratios					

Table 1

NiSource Inc.--Peer Comparison (cont.)					
EBITDA margin (%)	25.0	22.0	37.9	25.5	29.3
EBITDA interest coverage (x)	3.7	3.5	5.2	5.1	5.4
EBIT interest coverage (x)	2.3	2.4	3.5	2.9	4.0
Return on capital (%)	6.5	9.0	10.1	8.2	8.8
FFO/debt (%)	16.3	17.2	18.8	23.6	15.9
Free operating cash flow/debt (%)	6.8	2.6	(0.8)	4.4	1.7
Debt/EBITDA (x)	5.1	4.3	3.6	3.6	5.0
Total debt/debt plus equity (%)	62.1	69.4	56.1	57.8	59.4

Financial Risk: Aggressive

Large capital expenditures and substantial leverage

We consider NiSource's financial risk profile aggressive, reflecting adjusted financial measures that are in line with the rating. This assessment reflects large capital expenditures, mostly for improvement to gas pipelines and for environmental compliance programs at NIPSCO. Also, we consider the company's financial policies to be aggressive. The elevated capital spending and dividend payments translate to rising negative discretionary cash flow over the forecast period, requiring management to maintain vigilant cost recovery to maintain cash flow measures. The negative discretionary cash flow also points to external funding needs.

S&P Base-Case Cash Flow And Capital Structure Scenario

Our base-case suggests weakening cash flow measures over the next several years, due in part to lower bonus depreciation while growth capital spending is boosted. We expect debt leverage measures to remain roughly the same as previous years, with debt to EBITDA exceeding 5x and total debt to total capital of more than 60%.

- The majority of capital spending will be for utility maintenance and rate-tracked investments, with the remainder on growth projects. The increased capital spending results in weakening internal funding and a greater reliance on capital markets for financing.
- Refinancing of many upcoming debt maturities.
- Cash dividends grow faster than historical levels based on management provided annual growth rate of 3% to 5%.
- Continuing commitment to credit quality and the maintenance of a balanced capital structure.

Financial summary

Table 2

NiSource Inc.--Financial Summary					
Industry sector: combo					
	--Fiscal year ended Dec. 31--				
	2011	2010	2009	2008	2007
(Mil. $)					
Revenues	6,019.1	6,422.0	6,649.4	8,874.2	7,939.8

Table 2

NiSource Inc.--Financial Summary (cont.)					
EBITDA	1,564.2	1,638.8	1,578.5	1,499.4	1,517.0
Operating income	986.8	995.6	964.0	910.4	944.0
EBIT	994.1	1,015.4	978.6	940.3	946.9
Net income from continuing operations	303.8	294.6	231.2	369.8	312.0
Funds from operations (FFO)	1,583.7	1,225.1	1,203.9	1,051.6	906.7
Capital expenditures	1,138.5	801.1	875.7	1,283.6	846.1
Free operating cash flow	91.2	301.0	1,278.3	(604.1)	(33.7)
Dividends paid	257.9	255.6	253.3	252.4	252.1
Discretionary cash flow	(166.6)	45.4	1,025.0	(856.5)	(285.8)
Debt	8,477.4	8,070.0	8,073.9	8,613.3	7,281.2
Preferred stock	0.0	0.0	0.0	0.0	0.0
Equity	5,011.5	4,982.8	5,046.1	4,907.5	5,389.3
Debt and equity	13,488.9	13,052.8	13,120.0	13,520.8	12,670.5
Adjusted ratios					
EBITDA margin (%)	26.0	25.5	23.7	16.9	19.1
EBITDA interest coverage (x)	4.0	4.0	3.2	3.4	3.3
EBIT interest coverage (x)	2.6	2.4	2.0	2.1	2.1
FFO interest coverage (x)	5.0	3.9	3.2	3.2	2.9
FFO/debt (%)	18.7	15.2	14.9	12.2	12.5
Discretionary cash flow/debt (%)	(2.0)	0.6	12.7	(9.9)	(3.9)
Net cash flow/capex (%)	116.5	121.0	108.5	62.3	77.2
Debt/EBITDA (x)	5.4	4.9	5.1	5.7	4.8
Debt/debt and equity (%)	62.8	61.8	61.5	63.7	57.5
Return on capital (%)	6.3	6.7	6.5	6.4	6.7
Return on common equity (%)	6.1	6.0	4.7	7.1	5.8
Common dividend payout ratio (unadjusted) (%)	85.0	86.8	109.6	68.3	80.8

Liquidity: Adequate

NiSource liquidity is considered as "adequate" under our liquidity methodology. We expect that NiSource's liquidity sources over the next 12 months will exceed its uses by 1.2x. We do expect NiSource will need to access the capital markets over the next few years to meet its liquidity needs, particularly for debt maturities and capital spending.

In our assessment, NiSource has good relationships with its banks and has a good standing in the credit markets, having successfully issued debt during the recent credit crisis.

Principal Liquidity Sources	Principal Liquidity Uses
• Funds from operations of about $1.2 billion in 2013 • Assumed credit facility availability of about $1.1 billion in 2013 • Working capital and cash of $30 million in 2013	• Debt maturities of about $500 million in 2013 • Maintenance capital spending of roughly $1.1 billion in 2013 • Cash dividends of $300 million in 2013

Debt maturities

Table 3

NiSource Inc.--Debt Maturities

(Mil. $)	2013	2014	2015	2016	2017	2018
	507.2	559.2	495.0	434.4	603.0	800.0

Covenant Analysis

As of Sept. 30, 2012, the company finance entity, NiSource Finance, had an adequate cushion of compliance with its one financial covenant (debt to total capitalization to be less than 70%. Headroom could erode if debt rises rapidly without adequate growth in equity during this capital spending phase.

Compliance Expectations	Schedule Of Step-Downs/Step-Ups
Covenant: 70% maximum debt to capitalization • Company was in compliance as of Sept. 30, 2012 • Single-digit EBITDA growth and higher capital spending should still permit a healthy cushion • Covenant headroom could decrease without adequate cost recovery of capital investments	• Current: 70% • As of year-end 2013: 70% • As of year-end 2014: 70%

Reconciliation

Table 4

Reconciliation Of NiSource Inc. Reported Amounts With Standard & Poor's Adjusted Amounts (Mil. $)

--Fiscal year ended Dec. 31, 2011--

	Debt	Shareholders' equity	Revenues	EBITDA	Operating income	Interest expense	Cash flow from operations	Cash flow from operations	Dividends paid	Capital expenditures
NiSource Inc. reported amounts										
Reported	7,953.8	4,997.3	6,019.1	1,460.1	905.1	376.8	920.3	920.3	257.8	1,125.2
Standard & Poor's adjustments										
Operating leases	140.0	--	--	8.3	8.3	8.3	32.1	32.1	--	16.2
Postretirement benefit obligations	604.1	--	--	27.7	27.7	--	262.9	282.9	--	--

Table 4

Reconciliation Of NiSource Inc. Reported Amounts With Standard & Poor's Adjusted Amounts (Mil. $) (cont.)

Capitalized interest	--	--	--	--	--	3.1	(3.1)	(3.1)	--	(3.1)
Share-based compensation expense	--	--	--	39.2	--	--	--	--	--	--
Asset retirement obligations	95.2	--	--	0.6	0.6	0.6	(2.7)	(2.7)	--	--
Reclassification of nonoperating income (expenses)	--	--	--	--	(7.3)	--	--	--	--	--
Reclassification of working-capital cash flow changes	--	--	--	--	--	--	--	354.2	--	--
Debt--accrued interest not included in reported debt	111.9	--	--	--	--	--	--	--	--	--
Debt--other	(427.6)	--	--	--	--	--	--	--	--	--
Equity--other	--	14.2	--	--	--	--	--	--	--	--
EBITDA--income (expense) of unconsolidated companies	--	--	--	28.3	28.3	--	--	--	--	--
D&A--impairment charges/(reversals)	--	--	--	--	16.8	--	--	--	--	--
EBIT--income (expense) of unconsolidated companies	--	--	--	--	14.6	--	--	--	--	--
Total adjustments	523.6	14.2	0.0	104.1	89.0	12.0	309.2	663.4	0.0	13.1

Standard & Poor's adjusted amounts

	Debt	Equity	Revenues	EBITDA	EBIT	Interest expense	Cash flow from operations	Funds from operations	Dividends paid	Capital expenditures
Adjusted	8,477.4	5,011.5	6,019.1	1,564.2	994.1	388.8	1,220.5	1,583.7	257.8	1,138.3

Related Criteria And Research

- 2008 Corporate Criteria: Analytical Methodology, April 15, 2008
- Liquidity Descriptors For Global Corporate Issuers, Sept. 28, 2011
- Business Risk/Financial Risk Matrix Expanded, Sept. 18, 2012
- 2008 Corporate Ratings Criteria: Ratios And Adjustments, April 15, 2008
- Methodology: Management And Governance Credit Factors For Corporate Entities And Insurers, Nov. 13, 2012

Business And Financial Risk Matrix

	Financial Risk					
Business Risk	Minimal	Modest	Intermediate	Significant	Aggressive	Highly Leveraged
Excellent	AAA/AA+	AA	A	A-	BBB	--
Strong	AA	A	A-	BBB	BB	BB-
Satisfactory	A-	BBB+	BBB	BB+	BB-	B+
Fair	--	BBB-	BB+	BB	BB-	B
Weak	--	--	BB	BB-	B+	B-
Vulnerable	--	--	--	B+	B	B- or below

Note: These rating outcomes are shown for guidance purposes only. The ratings indicated in each cell of the matrix are the midpoints of the likely rating possibilities. There can be small positives and negatives that would lead to an outcome of one notch higher or lower than the typical matrix outcome. Moreover, there will be exceptions that go beyond a one-notch divergence. For example, the matrix does not address the lowest rungs of the credit spectrum (i.e., the 'CCC' category and lower). Other rating outcomes that are more than one notch off the matrix may occur for companies that have liquidity that we judge as "less than adequate" or "weak" under our criteria, or companies with "satisfactory" or better business risk profiles that have extreme debt burdens due to leveraged buyouts or other reasons. For government-related entities (GREs), the indicated rating would apply to the standalone credit profile, before giving any credit for potential government support.

Ratings Detail (As Of February 25, 2013)

NiSource Inc.	
Corporate Credit Rating	BBB-/Stable/A-3
Commercial Paper	
Local Currency	A-3
Senior Unsecured	BBB-
Corporate Credit Ratings History	
28-Jul-2011	BBB-/Stable/A-3
05-Mar-2009	BBB-/Stable/NR
16-Dec-2008	BBB-/Negative/NR
Related Entities	
Bay State Gas Co.	
Issuer Credit Rating	BBB-/Stable/NR
Senior Unsecured	BBB-
NiSource Capital Markets Inc.	
Issuer Credit Rating	BBB-/Stable/NR
Senior Unsecured	BBB-
NiSource Finance Corp.	
Issuer Credit Rating	BBB-/Stable/A-3
Northern Indiana Public Service Co.	
Issuer Credit Rating	BBB-/Stable/NR
Senior Unsecured	BBB-
Senior Unsecured	BBB/Developing

*Unless otherwise noted, all ratings in this report are global scale ratings. Standard & Poor's credit ratings on the global scale are comparable across countries. Standard & Poor's credit ratings on a national scale are relative to obligors or obligations within that specific country.

NiSource Inc.

NiSource Finance Corp. and NiSource Capital Markets, Inc.

Full Rating Report

Ratings

NiSource Inc.

Long-Term IDR	BBB–

NiSource Finance Corp.

Long-Term IDR	BBB–
Short-Term IDR and CP	F3
Senior Unsecured	BBB–

NiSource Capital Markets, Inc.

Long-Term IDR	BBB–
Senior Unsecured	BBB–

IDR – Issuer default rating

Rating Outlooks

NiSource Inc.	Stable
NiSource Finance Corp	Stable
NiSource Capital Markets, Inc.	Stable

Financial Data

NiSource Inc.

(x)	12/31/12	3/31/13
[illegible]TDA/Interest	4.0	3.8
[illegible] Coverage	4.3	3.9
Debt/EBITDA	5.0	4.9
FFO/Debt (%)	16.3	15.3

Related Criteria

Corporate Rating Methodology, Aug. 13, 2012
Short-Term Ratings Criteria for Non-Financial Corporates, April 2, 2013

Analysts

Ralph Pellecchia
+1 212 908-0586
ralph.pellecchia@fitchratings.com

Kathleen Connelly
+1 212 908-0290
kathleen.connelly@fitchratings.com

Key Rating Drivers

Low Business Risk: NiSource Inc.'s (NI) rating reflects the low business risk and consistent operating performance generated by its geographically diverse mix of regulated operations. Other considerations include the long-term financial impact of aggressive pipeline and gas utility system modernization programs and electric environmental capital expenditures, with a substantial portion of recoveries expected to be received through tracking mechanisms and relatively weak credit metrics

Year-end Leverage Remains High: NI's 2012 debt to EBITDA was 5.0x. NI's financial profile is expected to remain consistent with its current rating through its multi-year infrastructure-build cycle. Fitch projects NI's 2013 debt to EBITDA to be approximately 5.0x. Typically NI's leverage peaks at the end of the year as a result of seasonal gas storage purchases at its gas utilities and drops during the following months as gas costs are recovered.

Pipeline System Modernization Provides Stability: In January 2013, the Federal Energy Regulatory Commission (FERC) approved a settlement between NI's Columbia Gas Transmission (Columbia) subsidiary and its customers addressing needed pipeline infrastructure investment. Under the settlement, Columbia will invest approximately $300 million per year on system improvements, in addition to $100 million in ongoing maintenance, over the 2013 through 2017 period. The settlement includes adjustments to rates and a capital cost tracker that provides a recovery of and return on Columbia's investment. On balance, the settlement provides near-term certainty of recovery, albeit modest in the beginning years. It also establishes a regulatory model for future infrastructure investment by Columbia which could reach $4 billion over a 10 – 15 year period.

Rating Outlook Stable: NI's Stable Outlook reflects the scale and diversity of its regulated operations.

Rating Sensitivities

Positive: Future developments that may, individually or collectively, lead to a positive rating action include:

--Reduced regulatory risk with expanded revenue tracking mechanisms;

--Improving credit metrics through some combination of earnings growth and or debt reduction with sustained leverage at 4.5x or below.

Negative: Future developments that may individually or collectively, lead to a negative rating action include:

--Unfavorable regulatory decisions:

--Higher than anticipated leverage which could result should NI not issue adequate equity to help fund its significant capital program.

--Debt to EBITDA above 5.5x on a sustained basis would be a catalyst for a negative rating action.

Issuer Rating History

Date	LT IDR (FC)	Outlook/ Watch
Dec 11, 2012	BBB-	Stable
Dec 13, 2011	BBB-	Stable
Dec 14, 2010	BBB-	Stable
Dec 15, 2009	BBB-	Stable
Feb 4, 2009	BBB-	Stable
May 14, 2008	BBB	Stable
Jul. 10, 2007	BBB	Stable
Mar. 31, 2006	BBB	Stable
Dec. 6, 2005	BBB	Stable
Sep. 21, 2005	BBB	Stable
Jun 30, 2003	BBB	Stable
Feb 6, 2002	BBB	RWN
Dec 6, 2001	BBB	Stable
Oct 27, 2000	BBB+	Stable

Financial Overview

Liquidity and Debt Structure

NI's liquidity is expected to be adequate. NI affiliate, NiSource Finance Corp. (NiSource Finance), has a $1.5 billion revolving credit facility that matures in May 2017. The company also issues 'F3' rated commercial paper under a $1.5 billion CP program that is backstopped by the revolver. The revolver has one financial covenant which sets a maximum consolidated debt-to-cap ratio of 70%. The revolver also includes limitations on liens and restrictions on asset sales. At March 31, 2013, NI had approximately $ 795 million in net available liquidity under the revolver. NI also has a total of $515 million of accounts receivable securitization facilities as follows: $240 million at Columbia Gas of Ohio; $200 million at Northern Indiana Public Service Co.; and $75 million at Columbia Gas of Pennsylvania.

On April 15, 2013, NI Finance increased the size of a three-year term loan to $325 million from $250 million and extended its maturity one year to April 2016. On March 1, 2013, NI Finan redeemed $420 million of 6.15% unsecured notes and on April 12, 2013, it issued $750 million 4.80% 30-year notes.

Consolidated Debt Maturity Schedule — NiSource Inc.

($ Mil.)

Year	Amount
2013	507
2014	559
2015	495
2016	434
2017	507

Source: Fitch

Summary — NiSource Inc.

	2009	2010	2011	2012	LTM Ended 3/31/2013
Fundamental Ratios (x)					
FFO/Interest Expense	3.41	3.85	4.20	4.00	4.08
CFO/Interest Expense	5.14	2.84	3.29	3.95	3.88
FFO/Debt (%)	14.23	15.31	15.26	15.86	16.40
Operating EBIT/Interest Expense	2.01	2.30	2.39	2.35	2.42
Operating EBITDA/Interest Expense	3.48	3.81	3.80	3.66	3.73
Operating EBITDAR/(Interest Expense + Rent)	3.48	3.81	3.80	3.66	3.73
Debt/Operating EBITDA	4.86	4.88	5.50	5.17	5.02
Common Dividend Payout (%)	116.06	87.67	86.29	65.62	58.47
Internal Cash/Capital Expenditures (%)	182.60	52.58	54.40	66.18	60.38
Capital Expenditures/Depreciation (%)	131.92	149.66	209.11	266.73	281.25
Profitability					
Adjusted Revenues	6,650.00	6,422.00	6,019.00	5,061.00	5,196.00
Net Revenues	3,332.00	3,448.00	3,463.00	3,519.00	3,596.00
Operating and Maintenance Expense	1,653.00	1,655.00	1,722.00	1,663.00	1,711.00
Operating EBITDA	1,395.00	1,506.00	1,446.00	1,568.00	1,597.00
Depreciation and Amortization Expense	589.00	596.00	538.00	562.00	560.00
Operating EBIT	806.00	910.00	908.00	1,006.00	1,037.00
Gross Interest Expense	401.00	395.00	380.00	429.00	428.00
Net Income for Common	218.00	292.00	299.00	416.00	484.00
Operating and Maintenance Expense % of Net Revenues	49.61	48.00	49.73	47.26	47.58
Operating EBIT % of Net Revenues	24.19	26.39	26.22	28.59	28.84
Cash Flow					
Cash Flow from Operations	1,659.00	725.00	870.00	1,265.00	1,234.00
Change in Working Capital	693.00	(401.00)	(344.00)	(20.00)	(82.00)
Funds From Operations	966.00	1,126.00	1,214.00	1,285.00	1,316.00
Dividends	(253.00)	(256.00)	(258.00)	(273.00)	(283.00)
Capital Expenditures	(777.00)	(892.00)	(1,125.00)	(1,499.00)	(1,575.00)
Free Cash Flow	629.00	(423.00)	(513.00)	(507.00)	(624.00)
Net Other Investment Cash Flow	124.00	(52.00)	(33.00)	48.00	173.00
Net Change in Debt	(770.00)	547.00	580.00	78.00	106.00
Net Equity Proceeds	8.00	13.00	21.00	374.00	377.00
Capital Structure					
Short-Term Debt	103.00	1,383.00	1,359.00	777.00	1,131.00
Long-Term Debt	6,684.00	5,970.00	6,594.00	7,326.00	6,893.00
Total Debt	6,787.00	7,353.00	7,953.00	8,103.00	8,024.00
Total Hybrid Equity and Minority Interest	-	-	-	-	-
Common Equity	4,854.00	4,923.00	4,997.00	5,554.00	5,691.00
Total Capital	11,641.00	12,276.00	12,950.00	13,657.00	13,715.00
Total Debt/Total Capital (%)	58.30	59.90	61.41	59.33	58.50
Total Hybrid Equity and Minority Interest/Total Capital (%)	-	-	-	-	-
Common Equity/Total Capital (%)	41.70	40.10	38.59	40.67	41.50

Source: Company reports

FitchRatings

Fitch Rates NiSource Finance's Notes 'BBB-'; Outlook Stable

Ratings Endorsement Policy
03 Oct 2013 11:10 AM (EDT)

Fitch Ratings-New York-03 October 2013: Fitch Ratings has assigned a 'BBB-' rating to NiSource Finance Corp.'s (NiSource Finance) $500 million notes due 2045. NiSource Finance is a wholly-owned subsidiary of NiSource Inc. (NI; rated 'BBB-' with a Stable Outlook). The notes are unconditionally guaranteed by NI. Net proceeds from the notes will be used to repay commercial paper (CP) borrowings and for general corporate purposes.

KEY RATING DRIVERS:

NI's rating and Stable Outlook reflect the low business risk and consistent operating performance generated by its geographically diverse mix of regulated operations. Other considerations include the long-term financial impact of aggressive pipeline and gas utility system modernization programs and electric environmental capital expenditures, with a substantial portion of recoveries expected to be received through tracking mechanisms.

Forward Expectations: NI's financial profile is expected to remain consistent with its current rating though its current multi-year infrastructure-build cycle. Fitch projects NI's 2013 debt to EBITDA to be approximately 5.2 times (x). Typically NI's leverage peaks at the end of the year as a result of seasonal gas storage purchases at its gas utilities and drops during the following months as gas costs are recovered. NI's credit metrics in 2013 have benefited from a continuation of bonus depreciation and the sale of its retail services business for $120 million with proceeds used to reduce debt. For 2014 and beyond, maintenance of or modest improvement in leverage metrics will in part depend on some capital market and DRIP equity issuance given NI's substantial capital spending plan which is expected to be in the $1.8 billion to $2 billion annual range for the next several years.

Liquidity: NI's liquidity is expected to be adequate. NiSource Finance has a $2 billion revolving credit facility that matures on Sept. 30, 2018. The revolver was increased to $2 billion from $1.5 billion and its term extended by 16 months through an amendment effective Sept. 30, 2013. The company also issues 'F3' rated commercial paper under a $1.5 billion CP program that is backstopped by the revolver. The revolver has one financial covenant which sets a maximum consolidated debt-to-cap ratio of 70%. The revolver also includes limitations on liens and restrictions on asset sales. At Sept. 30, 2013, NI had approximately $1.364 billion in net available liquidity under the revolver. NI also has a total of $515 million of accounts receivable securitization facilities as follows: $240 million at Columbia Gas of Ohio; $200 at NIPSCO; and $75 million at Columbia Gas of Pennsylvania. The only material debt maturity through 2015 is $500 million of NiSource Finance notes maturing in July 2014.

RATING SENSITIVITIES:

Positive: Future developments that may, individually or collectively, lead to a positive rating action include:

--Reduced regulatory risk with expanded revenue tracking mechanisms;
--Improving credit metrics with sustained leverage at 4.5x or below.

Negative: Future developments that may, individually or collectively, lead to a negative rating action include:

--Unfavorable regulatory decisions;
--NI not issuing adequate equity to support its significant capital program resulting in sustained leverage above 5.5x.

Contact:

Primary Analyst
Ralph Pellecchia
Senior Director
+1-212-908-0586

Fitch Ratings, Inc.
One State Street Plaza, New York, NY 1004

Secondary Analyst
Kathleen Connelly
Director
+1-212-908-0290

Committee Chairperson
Mark C. Sadeghian, CFA
Senior Director
+1-312 368-2090

Media Relations: Brian Bertsch, New York, Tel: +1 212-908-0549, Email: brian.bertsch@fitchratings.com.

Additional information is available at 'www.fitchratings.com'

Applicable Criteria and Related Research:
--'Corporate Rating Methodology' Aug. 8, 2012;
--'Funding U.S. LNG Export Facilities: Credit Issues for MLP and Corporate Sponsors' Aug. 20, 2013;
--'Investor Frequently Asked Questions on Pipeline, Midstream and MLP Sectors' Aug. 5, 2013;
--'Pipelines, Midstream, and MLP Stats Quarterly - First Quarter 2013' Aug. 12, 2013;
--'2013 Outlook: Natural Gas Pipelines and MLPs' Nov. 30, 2012;
--'Marcellus Shale Report: Midstream and Pipeline Sector Challenges and Opportunities' June 10, 2012;
--'Top Ten Questions Asked by Pipeline, Midstream, and MLP Investors' May 1, 2012.

Applicable Criteria and Related Research:
Corporate Rating Methodology: Including Short-Term Ratings and Parent and Subsidiary Linkage
Funding U.S. LNG Export Facilities (Credit Issues for MLP and Corporate Sponsors)
Investor FAQs: Recent Questions on the Pipeline, Midstream, and MLP Sectors
Pipelines, Midstream, and MLP Stats Quarterly -- First-Quarter 2013
2013 Outlook: Natural Gas Pipelines & MLPs
Marcellus Shale Report: Midstream and Pipeline Sector -- Challenges/Opportunities
Top Ten Questions Asked by Pipeline, Midstream and MLP Investors

Additional Disclosure
Solicitation Status

MOODY'S
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Credit Opinion: NiSource Inc.

Global Credit Research - 15 Nov 2013

Merrillville, Indiana (State of), United States

Ratings

Category	Moody's Rating
Outlook	Rating(s) Under Review
Pref. Shelf	*(P)Ba2
NiSource Finance Corporation	
Outlook	Rating(s) Under Review
Issuer Rating	*Baa3
Bkd Sr Unsec Bank Credit Facility	*Baa3
Senior Unsecured	*Baa3
Bkd Commercial Paper	*P-3
NiSource Capital Markets, Inc.	
Outlook	Rating(s) Under Review
Bkd Senior Unsecured	*Baa3
Northern Indiana Public Service Company	
Outlook	Rating(s) Under Review
Issuer Rating	*Baa2
Senior Unsecured	*Baa2
Bay State Gas Company	
Outlook	Rating(s) Under Review
Senior Unsecured	*Baa2

* Placed under review for possible upgrade on November 8, 2013

Contacts

Analyst	Phone
Lesley Ritter/New York City	212.553.1607
William L. Hess/New York City	212.553.3837

Key Indicators

[1]**NiSource Inc.**

	LTM 9/30/2013	2012	2011	2010
(CFO Pre-W/C + Interest) / Interest Expense	4.3x	4.2x	3.8x	3.9x
(CFO Pre-W/C) / Debt	15.9%	16.3%	13.7%	15.7%
(CFO Pre-W/C - Dividends) / Debt	12.6%	13.3%	10.7%	12.6%
Debt / Book Capitalization	51.5%	51.5%	53.7%	53.6%

[1] All ratios calculated in accordance with the Global Regulated Electric Utilities Rating Methodology using

Moody's standard adjustments.

Note: For definitions of Moody's most common ratio terms please see the accompanying User's Guide.

Opinion

Rating Drivers

- MLP talk creates credit-negative buzz but commitment to investment grade stands

- Pipelines: system modernization on track for first FERC filing

- LDCs: 2013 rate cases yield rate increases and further improvements in rate design

- NIPSCO: with environmental spending on track, focus turns to longer term capex opportunities

- Bay State: files new rate case seeking to reduce regulatory lag

- Credit metrics to weaken somewhat over near term horizon

Corporate Profile

NiSource Inc. (Baa3 senior unsecured, RUR-Up, for its guaranteed financing vehicles) is a holding company with regulated local natural gas distribution company (LDC) subsidiaries in Ohio, Pennsylvania, Virginia, Massachusetts, Kentucky and Maryland; a combination of a vertically integrated electric and gas utility in Indiana, and an interstate natural gas pipeline and storage system that runs from the Gulf Coast to the Northeast. The company has three segments: Natural gas distribution (LDC, about 40% of operating income), pipelines and gas storage (Pipelines, roughly 40% of operating income) and Electric (about 20% of operating income). While the company has one of the largest LDC, gas pipeline, and gas storage systems in the US, its vertically integrated electric utility is considered mid-sized. Two of NiSource's utility subsidiaries are rated: Bay State Gas Company (Bay State, doing business as Columbia Gas of Massachusetts, Baa2 senior unsecured, RUR-Up) and Northern Indiana Public Service Company (NIPSCO, Baa2 senior unsecured, RUR-Up). Please refer to Moody's Credit Opinion on NIPSCO for more details.

SUMMARY RATING RATIONALE

NiSource's Baa3 rating reflects the diversity and regulated nature of its businesses as well as its improved financial profile. After a decade spent in maintenance mode due to balance sheet constraints following its acquisition of Columbia Energy Group and various operational issues, the company is now showing signs of improvements in its credit metrics and has begun to ramp up its investments in growth opportunities across all three business segments. The more aggressive spending plan will arrest the recent positive trend in credit metrics and keep them anemic for several years. However, we believe that management will maintain financial policies that will prevent its metrics from materially worsening and will take steps to defend its current investment grade rating, if necessary.

DETAILED RATING CONSIDERATIONS

MLP TALK CREATES CREDIT-NEGATIVE BUZZ BUT COMMITMENT TO INVESTMENT GRADE STANDS

From a credit perspective, the MLP corporate finance model is generally viewed as a credit negative because it creates a permanent demand on capital and cash flow growth. For the sponsor, forming an MLP could result in a more complex organizational structure and structural subordination of its debt. Depending on how the sponsor finances the MLP and how it uses the IPO proceeds, the credit implications to the sponsor could be credit neutral, at best.

NiSource is considering forming an MLP, at a time when equity investors are clamoring for MLPs and MLPs have become the prevailing model for financing pipeline investments. For NiSource, at this juncture, the company has signaled the need for equity in late 2015 and an MLP could be a source of equity from an alternative investor base. NiSource is ramping up investments in its large interstate natural gas pipeline system and a nascent midstream business in the Marcellus - Utica shale plays, and owns another long-haul pipe that transports natural gas between the Gulf and the Mid-Atlantic region. These assets offer steady cash flow that could be dropped into an MLP.

NiSource has been adamant in protecting its investment grade rating, so that if it does form an MLP, we believe the company will proceed cautiously from a small base and gradually growing it through asset drop-downs while keeping a close eye on its consolidated debt levels.

PIPELINES: SYSTEM MODERNIZATION ON TRACK FOR FIRST FERC FILING

The Pipeline segment is NiSource's highest-return operation and historically the most reliable positive cash flow generator among NiSource's three segments. It also has the most long-term growth potential, so more growth capital will be spent in this segment than in the other two.

In 2012, the Pipeline segment received FERC approval for a recovery mechanism backing NiSource's System Modernization Plan. This was an important step for the company, providing it the opportunity to secure a favorable tracker, specifically meant to grant recovery on system modernization investments. This mechanism is of particular relevance to NiSource because the company owns and operates some of the oldest pipes in the country, some of which are located in densely populated areas, where safety is all the more critical. Under the plan, NiSource will spend approximately $300 million a year over the next five years to replace and refurbish its pipelines and compressor stations.

The company will be submitting its first filing with the FERC shortly which, if approved, should result in recovery starting on 2/1/14. Specifically, the cost recovery mechanism entails an annual true-up that is recovered or refunded three months after filing, and a set return on the investment. Although the level of FERC scrutiny applied to this filing will likely be greater given that this is the first time NiSource will be seeking recovery under this tracker, we expect the company will secure full recovery of its investments within the envisioned timeframe.

The System Modernization Plan entailed significant concessions, such as a $25 million refund in each of 2012 and 2013 in addition to base revenue reductions of $35 million beginning in 2012 and another $25 million in 2013. The magnitude of these givebacks will cause NiSource's consolidated cash flow metrics to moderately decline over the next few years, as pipeline cash flows stagnate while spending accelerates.

On the other hand, NiSource continues to pursue a host of growth projects to transport additional gas, leveraging its strategic footprint in the Marcellus and Utica shale production region. While a few existing projects exceed the hundred million mark, the vast majority are of smaller size, similar to the ones it has historically taken on. Most of the midstream projects currently being constructed are on time and on budget and are slated to go online by 2015. In addition to growing its gas transportation system, the company is also diversifying into gathering and processing in the region. These unregulated activities entail more business risk than its core operations, but we expect that any material financial impact from such projects is at least a few years off.

LDCS: 2013 RATE CASES YIELD RATE INCREASES AND FURTHER IMPROVEMENTS IN RATE DESIGN

NiSource's LDCs have become steadier and more profitable over the past several years from rate increases and improved rate designs. Since 2007, a round of rate cases across all jurisdictions has brought rate relief that increased this segment's operating income by 20%, and raised LDCs' consolidated fixed rate recovery to 80%.

In 2013, NiSource's LDCs completed two general rate cases, Pennsylvania (20% of total LDC rate base) and Maryland (1% of total LDC rate base), and filed two more cases in Massachusetts (11% of total LDC rate base) and Kentucky (4% of total LDC rate base). The Pennsylvania order granted the company a $55.3 million base rate increase (70% of its requested amount) and allowed it to adopt a pilot weather normalization adjustment mechanism whereby residential charges are adjusted in the event winter temperatures deviate from historic norms by plus or minus five percent. Importantly, this rate case was the first to be completed under Pennsylvania's Act 11 which allows for more timely recovery of rates and investments through the application of a forward test year. NiSource's new Pennsylvania base rates went into effect in July 2013. The Maryland order granted the company a revenue increase of $3.6 million (70% of its requested amount) as well as a revenue normalization adjustment to decouple revenues from customer usage. Decisions on the two pending rate cases are expected during the first quarter of 2014.

Overall, the different state regulators overseeing NiSource's seven LDCs are generally supportive. Each LDC benefits from a decoupling mechanism and/or weather normalization adjustments which reduce earnings volatility. In addition, NiSource has secured a variety of recovery mechanisms across its different jurisdictions to cover its ongoing infrastructure replacement program providing for the timely recovery of NiSource's annual $500 million system integrity investment spend.

CREDIT PROFILE OF SIGNIFICANT SUBSIDIARIES

NIPSCO: With Environmental Spending on Track, Focus Turns to Longer Term Capex opportunities

With an electric generation fleet made up of 78% coal, NIPSCO is subject to costly environmental mandates. To meet these directives by the intended deadline, the company is on track to spend about $800 million installing environmental controls at its two coal facilities, Schahfer and Michigan City. Indiana regulation has a long record of providing numerous environmental trackers and other supportive ratemaking mechanisms that have helped the state's coal fleet meet current environmental standards, and we expect NIPSCO will be able to recover these costs in a timely manner. Longer term, as the environmental spend abates, the company will begin acting upon its recently filed 7-year electric and gas plans, representing a total investment amount of $1.8 billion for 2014 to 2020. These investments relate to the recently passed Senate Bill 560 (SB 560), which allows utilities to recover 80% of their investments in transmission and distribution projects for safety, reliability, system modernization, or economic recovery through trackers, with the balance being deferred for recovery in the next general rate case. Finally, in addition to investments under SB 560, NIPSCO continues to develop two electric transmission projects that will earn FERC returns-on-equity of about 12%, about 200 basis points higher than the national average for state regulated operations, and should come online by the end of the decade. For more details see NIPSCO's credit opinion.

BAY STATE: FILES NEW RATE CASE SEEKING TO REDUCE REGULATORY LAG

Bay State filed its latest rate case with the Massachusetts Department of Public Utilities (DPU) in April 2013, requesting a base rate increase of $30.1 million to address the company's earnings deficiency and recover capital costs incurred through 12/31/12. In addition, Bay State's filing includes a proposal to continue its targeted infrastructure recovery factor (TIRF) rider with modifications. The TIRF is designed to provide for recovery of incremental expenditures associated with the replacement of bare and unprotected coated steel, cast-iron, and wrought-iron mains. Specifically, the proposed modifications include increasing the annual cap on amounts collected under the mechanism from 1% to 3.75% of the prior year's distribution revenues; establishing a process by which the company could request a waiver from the DPU of the minimum threshold of 38 miles of main replacement per year; and establishing a process by which post-in-service carrying charges occurring between the in-service date of a TIRF project and the date on which TIRF recovery commences for those projects could be deferred for inclusion in rate base in the next rate case. Bay State expects a DPU decision during the first quarter of 2014.

The company completed its last rate case in November 2012. The DPU granted Bay State a fraction of its requested distribution rate increase, based on a below industry average return on equity of 9.45%. Despite these disappointing outcomes, the DPU's did agree to allow the company to expand the TIRF's definition to include small cast and wrought iron pipes into the program and maintained the decoupling mechanism adopted in 2009, protecting the company's margins from any decline in volumes.

On a consolidated basis, Bay State remains a small component of NiSource, Inc. representing only about 6% of consolidated total assets and, with only $40 million of rated external debt, less than 1% of the overall company's long-term debt.

CREDIT METRICS SOFTEN OVER NEAR TERM HORIZON BUT REMAIN INVESTMENT GRADE

NiSource's credit metrics have been steadily rebounding from the lows seen in 2008-09. The combination of the 50% growth in the company's cash flow from operations pre-working capital (CFO pre-WC) between 2008 and today, and debt levels remaining relatively flat has allowed NiSource to improve its CFO pre-WC to debt ratio from 10.6% in 2008 to 15.8% for the LTM 9/30/13. The company has also successfully de-levered somewhat with its debt to capitalization falling from 55.7% in 2008 to 51.8% as of 9/30/13. On a pro-forma basis, we expect the metrics to weaken as the company seeks to finance its significant capital expenditure plan. Cash flow coverage metrics will likely fall into the low teens while retained cash flow to debt hovers around the 9-10% range. NiSource's debt to capitalization ratio will also likely inch up, though the company has publicly stated its plans to issue additional equity in the second half of 2015 which should help to shore up that metric.

Notching Considerations

NiSource's operating subsidiaries, Bay State and NIPSCO, are rated one notch above NiSource to reflect their lower default probability and the structural seniority of their respective debt to substantially all the parent guaranteed debt at NiSource Finance Corporation. Bay State's debt is also guaranteed by NiSource, and the utility's debt's higher than expected recovery rates support a rating a notch higher than that of the non-operating holding company that guarantees it.

As shown in the methodology grid below, the grid indicates a rating of Baa2, which does not reflect the structural subordination that causes the actual parent rating to be Baa3. Ratings within the NiSource family are notched closely, because of the company's practice to centrally manage its subsidiaries' cash flow in a corporate money pool and consolidating its debt financing at its guaranteed financing subsidiary NiSource Finance Corporation.

Liquidity Profile

NiSource's liquidity is considered adequate. Given the company's sizeable capital investment program, NiSource has taken multiple steps to improve its access to liquidity to meet its future needs. NiSource amended its revolving credit facility in September 2013, increasing its committed capacity by $500 million to $2.0 billion, and extended the maturity date to September 2018. The company raised its Prime-3 rated commercial paper program to $1.5 billion, up from $500 million in February 2013 and amended its committed bank facility to provide for same day funding to cover the entire $1.5 billion program. Thirdly, NiSource increased its term loan by $75 million to $325 million and extended its maturity by one year to April 2016. And finally, the company renewed its three accounts receivable securitization programs totaling $515 million for another year.

Terms of the revolving credit facility provide for reliable access to funds by not requiring the company to represent and warrant as to any material adverse change (MAC) at each borrowing. The sole financial covenant is a debt-to-capitalization ratio of 70% which the company comfortably satisfied as of 9/30/13, with a debt-to-capitalization ratio of 59.7%.

As of 9/30/13, NiSource had $14.9 million of cash on hand in addition to $1.4 billion of available capacity under its revolver after giving effect to $612.5 million of commercial paper and $21.3 million in letters-of-credit outstanding. NiSource has $500 million of notes due in July 2014 and another $230 million of notes due in November 2015.

For the 12 months ended 9/30/13, NiSource generated approximately $1.4 billion in cash from operations, made approximately $1.8 billion in capital investments, and paid about $300 million in dividends, yielding negative free cash flow of about $700 million. The company funded the cash shortfall through proceeds from discontinued operations, about $40 million from its dividend reinvestment plan program and incremental debt of $600 million.

Rating Outlook

NiSource's rating is under review for a possible upgrade. The RUR-Up reflects our generally more favorable view of the relative credit supportiveness of the US regulatory environment as detailed in Moody's September 23, 2013 Request for Comment: "Proposed Refinements to the Regulated Utilities Rating Methodology and our Evolving View of US Utility Regulation". The outlook also considers the company's current financial plan, which should sustain investment grade metrics, including CFO pre-WC to debt in the low to mid teens.

What Could Change the Rating - Up

NiSource's ratings could be upgraded following the completion of the review for upgrade based on the aforementioned change in Moody's view of the US regulatory environment. Separately, an upgrade could be warranted if NiSource continues to pursue a fully regulated utility business model, with little financial complexity, and if the consolidated ratio of CFO pre-WC to debt were to approach the high-teen's range on a sustainable basis.

What Could Change the Rating - Down

NiSource could be downgraded to the non-investment grade rating category if its ratio of CFO pre-WC to debt fell below 10% for a sustained period of time. This ratio would be looked at on a consolidated basis, and would include any potential MLP structure. Depending on the size of the MLP, and considering any financial or operational volatility that the structure might impart on the company, and the potential effects of any structural subordination, the financial metric thresholds to maintain an investment grade rating might be raised to the low-teen's range. Aside from the risks associated with the potential MLP formation, ratings could be downgraded if the company were to experience deteriorations in its relationship with its principal regulators.

Rating Factors

NiSource Inc.

Regulated Electric and Gas Utilities Industry [1][2]	LTM 9/30/2013		Moody's 12-18 month Forward View* As of November 2013	
Factor 1: Regulatory Framework (25%)	Measure	Score	Measure	Score
a) Regulatory Framework		Baa		Baa
Factor 2: Ability To Recover Costs And Earn Returns (25%)				
a) Ability To Recover Costs And Earn Returns		Baa		Baa
Factor 3: Diversification (10%)				
a) Market Position (5%)		A		A
b) Generation and Fuel Diversity (5%)		Ba		Ba
Factor 4: Financial Strength, Liquidity And Key Financial Metrics (40%)				
a) Liquidity (10%)		Baa		Baa
b) CFO pre-WC + Interest/ Interest (7.5%)	4.1x	Baa	3.5 - 3.9x	Baa
c) CFO pre-WC / Debt (7.5%)	15.4%	Baa	12 - 14%	Baa
d) CFO pre-WC - Dividends / Debt (7.5%)	12.3%	Baa	9 - 11%	Baa
e) Debt/Capitalization (7.5%)	52.0%	Baa	50 - 55%	Baa
Rating:				
a) Indicated Rating from Grid		Baa2		Baa2
b) Actual Rating Assigned		Baa3		Baa3

* THIS REPRESENTS MOODY'S FORWARD VIEW; NOT THE VIEW OF THE ISSUER; AND UNLESS NOTED IN THE TEXT DOES NOT INCORPORATE SIGNIFICANT ACQUISITIONS OR DIVESTITURES

[1] All ratios are calculated using Moody's Standard Adjustments. [2] As of 9/30/2013(LTM); Source: Moody's Financial Metrics

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MOODY'S
INVESTORS SERVICE

Rating Action: Moody's upgrades NiSource and Northern Indiana Public Service and confirms Bay State Gas; outlooks stable

Global Credit Research - 31 Jan 2014

Approximately $9 Billion of Debt Securities Affected

New York, January 31, 2014 -- Moody's Investors Service upgraded the ratings for NiSource Inc. (senior unsecured rating for its guaranteed financing vehicle to Baa2 from Baa3) and Northern Indiana Public Service Company (senior unsecured and Issuer Rating to Baa1 from Baa2), and confirmed the rating for Bay State Gas Company (Baa2 senior unsecured, guaranteed by NiSource Inc.). NiSource Inc.'s commercial paper is also upgraded by one notch (from P-3 to P-2). This rating action concludes our review of these companies' ratings initiated on November 8, 2013. The rating outlooks are stable.

"The upgrade of NiSource and Northern Indiana Public Service Company reflects regulatory provisions in each companies' respective service territory that are consistent with our view of a generally improving regulatory environment for US electric and gas utilities", said Lesley Ritter, Analyst. "While our decision to affirm Bay State's rating relates to the utility's debt being secured by its parent."

RATINGS RATIONALE

The primary driver of today's rating action for Northern Indiana Public Service Company (NIPSCO) and NiSource, Inc. (NiSource) is Moody's more favorable view of the relative credit supportiveness of the US regulatory framework, as detailed in our September 23, 2013 Request for Comment: "Proposed Refinements to the Regulated Utilities Rating Methodology and our Evolving View of US Utility Regulation." Factors supporting this view include better cost recovery provisions, reduced regulatory lag, and generally fair and open relationships between utilities and regulators. The US utility sector's low number of defaults, high recovery rates, and generally strong financial metrics from a global perspective provide additional corroboration of these upgrades.

While the decision to confirm Bay State Gas' (Bay State) rating relates to the company's debt being secured by its Baa2 rated parent.

Rating Outlook

NiSource, NIPSCO, and Bay State's stable rating outlooks reflect the credit supportiveness of the regulatory environment, and the assumption that investment needs will be prudently funded.

Furthermore, NiSource's stable rating outlook considers the company's current financial plan, which should sustain investment grade metrics.

What Could Change the Rating - Up

NiSource and NIPSCO's rating could be raised if there were an improvement in the regulatory environment that led to meaningfully greater predictability, timeliness and/or sufficiency of rates such that financial metrics would be expected to improve on a sustained basis relative to our current view.

NiSource's rating could also be upgraded if the company continues to pursue a fully regulated utility business model, with little financial complexity, and if the consolidated ratio of CFO pre-WC to debt were to approach the high-teen's range on a sustainable basis.

A rating upgrade at Bay State is tied to its parent company rating.

What Could Change the Rating - Down

NiSource and NIPSCO's rating could be lowered if there were a deterioration in the regulatory environment, which might include greater regulatory lag, uncertainty about the recovery of investments, further compression in rates (especially if accompanied by a rise in interest rates), or if there were a downward revision in our expectation of future financial metrics relative to our current view. NISPCO's rating could also come under pressure if its parent were to adopt an aggressive corporate finance strategy where it would place additional reliance on dividends from its regulated subsidiary to service the parent debt.

Furthermore. NiSource's rating could be downgraded if its ratio of CFO pre-WC to debt fell below 10% for a sustained period of time. This ratio would be looked at on a consolidated basis, and would include any potential MLP structure. Depending on the size of the MLP, and considering any financial and operational volatility that the structure might impart on the company, and the potential effects of any structural subordination, the financial metric threshold to maintain an investment grade rating might be raised to the low-teen's range.

Bay State's rating could be reduced if its parent rating is downgraded.

The principal methodology used in this rating was Regulated Electric and Gas Utilities published in December 2013. Please see the Credit Policy page on www.moodys.com for a copy of this methodology.

Debt Classes

NiSource Inc.

Outlook Stable

Pref. Shelf to (P)Ba1 from (P)Ba2

NiSource Finance Corporation

Outlook Stable

Issuer Rating to Baa2 from Baa3

Bkd Sr Unsec Bank Credit Facility to Baa2 from Baa3

Senior Unsecured to Baa2 from Baa3

Bkd Commercial Paper to P-2 from P-3

NiSource Capital Markets, Inc.

Outlook Stable

Bkd Senior Unsecured to Baa2 from Baa3

Senior Unsecured MTN to Baa2 from Baa3

Northern Indiana Public Service Company

Outlook Stable

Issuer Rating to Baa1 from Baa2

Senior Unsecured to Baa1 from Baa2

Senior Secured to A1 from A2

Bay State Gas Company

Outlook Stable

The following ratings have been confirmed

Senior Unsecured Baa2

Senior Unsecured MTN Program (P)Baa2

REGULATORY DISCLOSURES

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Lesley Ritter
Analyst
Infrastructure Finance Group
Moody's Investors Service, Inc.
250 Greenwich Street
New York, NY 10007
U.S.A.
JOURNALISTS: 212-553-0376
SUBSCRIBERS: 212-553-1653

William L. Hess
MD - Utilities
Infrastructure Finance Group
JOURNALISTS: 212-553-0376
SUBSCRIBERS: 212-553-1653

Releasing Office:
Moody's Investors Service, Inc.
250 Greenwich Street
New York, NY 10007
U.S.A.
JOURNALISTS: 212-553-0376
SUBSCRIBERS: 212-553-1653

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Fitch Affirms NiSource's IDR at 'BBB-' with Stable Outlook Following Spin-off Announcement Ratings Endorsement Policy
29 Sep 2014 2:44 PM (EDT)

Fitch Ratings-New York-29 September 2014: Fitch Ratings has affirmed the long-term Issuer Default Ratings (IDRs) of NiSource Inc. (NI) and its subsidiaries following its announcement to separate the natural gas pipeline business Columbia Pipeline Group (CPG) into a standalone company. After the separation, NI will become a fully regulated natural gas and electric utility holding company.

The affirmations include NiSource Finance Corp. (NIF or NI Finance) and NiSource Capital Markets Inc. (NICM), NI's two financing subsidiaries, and Northern Indiana Public Service Co. (NIPSCO), an electric and gas utility. Fitch has also affirmed the senior unsecured rating of NIPSCO at 'BBB' and assigned an 'F3' short-term IDR to NI.

The Rating Outlook for all entities is Stable. Approximately $8.2 billion of long-term debt is affected. A complete list of rating actions is provided at the end of this release.

Additionally, based on preliminary information from NI management, Fitch expects CPG to be rated low investment grade.

KEY RATING DRIVERS:

Lower Business Risk with Evolving Capital Structure:

Fitch views favorably that the expected fully regulated operations are lower risk than its present mix of businesses, supported by stable cash flow and earnings from a geographically diverse mix of regulated gas and electric utilities.

However, Fitch believes positive rating actions are premature at this time as NI's capital structure is expected to continue to evolve. A potential positive rating movement is highly dependent upon the final capital structure after the spinoff, the willingness to issue adequate equity to support its capital spending commitments, and the successful execution of the pre-spin strategies, including the public offering of the master limited partnership initially consisting of a 14.6% interest in CPG.

Supportive Regulatory Environment:

The ratings and Outlook reflect the supportive regulatory framework that NI's utilities enjoy in their respective jurisdictions, in light of the aggressive gas and electric system safety and modernization programs and NIPSCO's environmental capex.

The gas utility operations have reduced cyclicality and earned stable cash flow through de-coupling mechanisms and trackers. Most recently, Massachusetts HB 4164 was passed in June 2014 and supports gas infrastructure safety and modernization investment and allows for recovery between rate cases and reduces regulatory lag. Columbia Gas of Massachusetts (CMA) plans to file an infrastructure plan by year end 2014 with an anticipated effective date in early 2015.

Indiana SB 560 provides cost recovery outside of base rate proceedings for transmission, distribution and storage projects undertaken for the purpose of safety, reliability, system modernization, or economic development.

NIPSCO's gas and electric operations are operating under seven-year plans that expire in November 2020 totaling $1.8 billion ($1.1 billion electric investments and $710 million gas investments) for replacement and maintenance of utility equipment, with approximately 75% recovery through trackers and the remaining deferred for recovery under a general rate case. NIPSCO's approved environmental spending plan includes over $600 million for generating plant investment which is 100% recoverable through a tracker. Fitch has assumed that the utilities are able to continue to earn returns based upon the currently approved capital structure, not the imputed one based on the capital structure of the parent company.

Credit Metrics:

NI's leverage is high among its peer groups primarily as a result of the legacy debt associated with the acquisition of Columbia Energy Group in November 2000. Based on the preliminary assessment of management's business plan, Fitch projects NI's debt to Operating EBITDAR from 2016 to 2017 to average approximate 4.9 times (x) and FFO fixed charge cover to average 3.3x. These metrics could potentially improve to 4.4x and 3.5x respectively, by 2020. Fitch's projection considers the expiration of the bonus depreciation benefits and a reasonable amount of equity issuance to support the sizable capital spending which is approximately $1.2 billion annually. Typically NI's leverage peaks at the end of the year as a result of seasonal gas storage purchases at its gas utilities and drops during the following months as gas costs are recovered. These metrics are somewhat weak in 2016 and 2017 and will become stronger beginning 2018 for its rating category relative to its peers with a similar risk profile.

Strong Parent Sub Linkages:

NI and NIPSCO's ratings historically were and will continue to be closely linked due to the fact that NI finances majority of its operations through NIF with guarantee from NI. As of June 30, 2014, NIPSCO had $95.5 million of medium term notes and $226 million of pollution control bonds outstanding issued through Jasper Co. Indiana. Columbia Gas of Massachusetts (aka Bay State Gas) had $40 million of notes outstanding (not rated by Fitch). All NI subsidiaries currently share a revolver at NIF. The remaining entities after the separation are expected to continue to share a credit facility at NIF.

RATING SENSITIVITIES:

Positive: Future developments that may, individually or collectively, lead to a positive rating action include:

--Reduced regulatory risk with expanded revenue tracking mechanisms;
--Well capitalized balance sheet after the separation which contributes to improving credit metrics with expected sustained consolidated debt to Operating EBITDAR below 4.75x.

Negative: Future developments that may, individually or collectively, lead to a negative rating action include:

--Materially unfavorable regulatory decisions;
--Not issuing adequate equity to support the significant capital program resulting in sustained consolidated debt to Operating EBITDAR above 5.50x.

Fitch has affirmed the following ratings with a Stable Outlook:

NiSource Inc.
--IDR at 'BBB-'.

NiSource Finance Corp.
--Senior unsecured at 'BBB-';
--Commercial paper at 'F3.

NiSource Capital Markets
--Senior unsecured at 'BBB-'.

Northern Indiana Public Service Co.
--IDR at 'BBB-';
--Senior unsecured and revenue bonds at 'BBB'.

Fitch has assigned the following rating with a Stable Outlook:

NiSource Inc.
--Short-term IDR at 'F3'.

Fitch has withdrawn the following IDRs, as these entities and their IDRs are no long considered analytically meaningful for the credit quality of the debt that have been issued out of them:

NiSource Finance Corp.
--IDR at 'BBB-';
--Short-term IDR at 'F3'.

NiSource Capital Markets
--IDR at 'BBB-'.

All debt issued by NiSource Finance Corp. and NiSource Capital Markets was fully guaranteed by NI, and the ratings of those issuances remain outstanding.

Contact:

Primary Analyst
Julie Jiang
Director
+1-212-908-0708
Fitch Ratings, Inc.
33 Whitehall St.
New York, NY 10004

Secondary Analyst
Ralph Pellecchia
Senior Director
+1-212-908-0586

Committee Chairperson
Mark Sadeghian
Senior Director
+1-312-368-2090

Media Relations: Brian Bertsch, New York, Tel: +1 212-908-0549, Email: brian.bertsch@fitchratings.com.

Additional information is available at 'www.fitchratings.com'

Applicable Criteria and Related Research:
--'Corporate Rating Methodology' (Aug. 5, 2013);
--'Recovery Ratings and Notching Criteria for Utilities' (Nov. 13, 2013);
--'Parent and Subsidiary Rating Linkage' (Aug. 8, 2013);
--'Rating U.S. Utilities, Power and Gas Companies' (March 9, 2014).

Applicable Criteria and Related Research:
Corporate Rating Methodology - Including Short-Term Ratings and Parent and Subsidiary Linkage
Recovery Ratings and Notching Criteria for Utilities
Rating U.S. Utilities, Power and Gas Companies (Sector Credit Factors)

Additional Disclosure
Solicitation Status

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NiSource Inc.

Primary Credit Analyst:
Gerrit W Jepsen, CFA, New York (1) 212-438-2529; gerrit.jepsen@standardandpoors.com

Secondary Contact:
Michael T Ferguson, CFA, CPA, New York (1) 212-438-7670;
michael.ferguson@standardandpoors.com

Table Of Contents

NiSource Inc.

Corporate Credit Rating	BBB-/Stable/A-3

Profile Assessments

BUSINESS RISK	STRONG	Vulnerable — Excellent
FINANCIAL RISK	SIGNIFICANT	Highly leveraged — Minimal

Initial Analytical Outcome ("Anchor") and Rating Result

Our 'BBB-' corporate credit rating on NiSource Inc. is derived from:

- NiSource's 'bbb' anchor based on our assessment that the company's business risk profile is "strong" and its financial risk profile is "significant".
- NiSource's stand-alone credit profile (SACP) of 'bbb-', which is one notch lower than the anchor based on our unfavorable comparable rating analysis, reflecting NiSource's weak financial ratios within the "significant" financial risk profile.
- Our 'BBB-' rating on NiSource is the same as the company's SACP. Group rating methodology applies to NiSource and as the parent company has a final rating that reflects the 'bbb-' SACP.

Rationale

Business Risk: Strong

- Corporate strategy based on regulated utilities and energy midstream operations
- Regulated utilities with mostly low operating risks
- Lack of competition in regulated service territories
- Diverse service area in seven states with numerous regulatory jurisdictions and a large residential customer base
- Gas distribution operations with geographic diversity and integration with the company's gas transmission network, providing operational flexibility
- Electric utility subsidiary Northern Indiana Public Service Co.'s higher-than-average dependence on industrial customers and flat growth at the utility

Financial Risk: Significant

- Expected high debt leverage (debt to EBITDA) more than 5x
- Cash flow to debt measures toward lower end of "significant" financial risk profile
- High capital spending
- Continuing high dividends
- Negative discretionary cash flow

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Outlook: Stable

The stable outlook reflects our expectation of steady operating and financial performance at the regulated subsidiaries and annual capital spending of about $1.9 billion. Our base forecast includes funds from operations (FFO) to debt of about 13% and operating cash flow (OCF) to debt of about 12%, consistent with our expectations for the rating.

Downside scenario

We could lower ratings if the company's nonutility operations would materially increase from current levels or financial measures weaken and remain at less-supportive levels, including FFO to debt less than 13%.

Upside scenario

We do not currently contemplate an upgrade given the company's current business mix and its focus on expanding its midstream operations. Credit quality could improve if cash flow measures considerably improve, specifically FFO to debt of more than 17% on a sustained basis. In addition, we would expect the supplemental ratio of OCF to debt to exceed 15%. The company can accomplish this by paying down debt with higher internally generated cash flow, increased equity issuances, or proceeds from asset sales.

Standard & Poor's Base-Case Scenario

Assumptions

- Single digit annual revenue growth over the next few years
- Gross margin growth from rising fee-based midstream operations that do not incur cost of sales
- We expect capital spending of $2 billion in 2014 and roughly the same amount for 2015 and 2016
- Dividend increase based on historical percentage increase
- Common stock issuance annually through the dividend reinvestment plan and as publicly indicated by management, a 2015 offering similar in size to the most recent forward sale settled in 2012 (~$400 million)

Key Metrics

	2014E	2015E	2016E
Revenue growth (%)	3-6	3-6	3-6
FFO/debt (%)	13-14.5	13-14.5	12.7-13.8
OCF/debt (%)	11.2-12.5	11.5-13	10.5-12

Standard & Poor's adjusted figures. E--Estimate. FFO--funds from operations. OCF--Operating cash flow.

Company Description

NiSource Inc. is an energy holding company that is one of the largest natural gas distribution companies in the U.S., with nine gas distribution subsidiaries serving roughly 3.3 million customers in seven states extending from Indiana to

Massachusetts. NiSource owns and operates 15,000 miles of interstate pipelines, and its natural gas storage operations can hold up to 640 billion cubic feet (bcf) of natural gas. Utility subsidiary Northern Indiana Public Service Co. (NIPSCO) provides electricity and natural gas to about 450,000 and 700,000 customers, respectively, in northern Indiana. NiSource Finance Corp. is the financing entity for NiSource Inc., which is the guarantor of all the debt.

Business Risk: Strong

We based our assessment of NiSource's business risk profile on the company's "satisfactory" competitive profile, "very low" industry risk mostly derived from the regulated utility industry, and the "very low" country risk of the U.S. where the company operates.

NiSource's competitive position partly reflects the stable regulatory framework of the low-risk regulated utility operations. We consider the company's gas distribution operations to be above average, characterized by ample geographic diversity and integration with the company's gas transmission network, which provides operational flexibility. Nearly all of the gas distribution subsidiaries' needs are contracted with Columbia Transmission, with roughly 70% of peak gas needs met with storage gas. This bolsters service reliability, thereby supporting the business risk profile. Cash flow variability is also low given material revenue stabilization and cost-tracking mechanisms. NIPSCO is a vertically integrated electric and natural gas utility providing service mostly in Northern Indiana. It has flat customer growth and above-average industrial exposure, largely to the steel-related industry. The utility has been installing environmental compliance equipment and using an environmental rate surcharge for timely recovery of costs. Base rates and various rate surcharges support cost recovery. Rates are above the state average, but not the highest in Indiana.

NiSource's competitive position also reflects the gas midstream businesses, including a gas transmission network that has a huge underground storage system (working gas of about 280 billion cubic feet) and access to multiple supply basins. The company derives slightly more than 90% of revenues from firm take-or-pay contracts, and a moderate contract life exists mainly at maximum rates. These contracts provide more cash flow certainty because gas shippers pay whether or not they have gas to be transported.

S&P Base-Case Operating Scenario

- The economic conditions in the company's service territories are either holding steady or improving, which will likely increase customer usage.
- Base EBITDA is forecast to grow from customer growth, volume-related growth, and expansion projects that are expected to come into service over the forecasted period.
- Utility subsidiaries operate under regulatory terms that largely support credit quality and are generally constructive, which includes good gas adjustment and other cost-pass-through mechanisms. These provide for timely recovery of costs that helps support steady revenues.
- NIPSCO continues spending on new transmission projects and pollution-control equipment while seeking higher operating cash flow through base rates and various rate surcharges. After starting rate recovery of these investments, we forecast that revenue and EBITDA will grow beyond base levels.
- For the gas-gathering business, the largest source of new growth projects will likely be in the Marcellus Shale gas-gathering region, with spending backed by long-term off-take contracts, boosting EBITDA growth.

Peer comparison

Table 1

NiSource Inc. -- Peer Comparison

Industry Sector: Combo

	NiSource Inc.	Sempra Energy	Dominion Resources Inc.	Great Plains Energy Inc.
Ratings as of March 5, 2014	BBB-/Stable/A-3	BBB+/Stable/A-2	A-/Stable/A-2	BBB/Positive/A-2
	--Average of past three fiscal years--			
(Mil. $)				
Revenues	5,834.10	9,562.00	14,223.00	2,294.50
EBITDA	1,661.00	3,587.50	5,195.80	922.30
Funds from operations (FFO)	1,209.80	2,755.50	3,788.00	676.00
Operating income	1,004.40	1,761.60	3,681.60	573.60
Interest expense	462.9	744.6	1,077.80	249.80
Net income from continuing operations	336.3	985	1,565.00	195.30
Working capital	(196.8)	(265.7)	(76.3)	(1.4)
Cash flow from operations	1,171.00	2,259.50	3,116.30	629.30
Capital spending	1,138.30	2,544.00	3,634.30	567.50
Free operating cash flow	32.7	(284.5)	(518.0)	51.80
Dividends paid	262.2	475.7	1,201.90	136.60
Discretionary cash flow	(229.5)	(760.2)	(1719.9)	(74.8)
Cash and short-term investments	4.8	136.6	34.3	2.8
Debt	8,454.60	13,297.80	20,442.70	4,267.40
Preferred stock	0	62.8	976.7	211.2
Equity	5,182.90	10,070.20	12,408.40	3,273.80
Adjusted ratios				
Compound annual revenue growth (%)	(8.7)	6.0	(4.7)	5.5
EBITDA margin (%)	28.5	37.5	36.5	40.2
Return on capital (%)	6.5	7.7	10.4	7.2

Table 1

NiSource Inc. -- Peer Comparison (cont.)				
EBITDA interest coverage (x)	3.6	4.8	4.8	3.7
EBITDA cash interest coverage (x)	4.3	7	5.2	3.5
FFO cash interest coverage (x)	4.3	6.8	4.9	3.6
Debt/EBITDA (x)	5.1	3.7	3.9	4.6
FFO/debt (%)	14.3	20.7	18.5	15.9
Cash flow from operations/debt (%)	13.9	17	15.2	14.7
Free operating cash flow/debt (%)	0.4	(2.10)	(2.50)	1.4
Discretionary cash flow/debt (%)	(3.7)	(5.7)	(8.4)	(1.8)
Total debt/debt plus equity (%)	62	56.9	62.2	56.6

Financial Risk: Significant

Based on the Medial Volatility financial ratio benchmarks, our assessment of NiSource's financial risk profile is "significant". This takes into consideration the sustained cash flows from the regulated utility operations and mostly fee-based midstream businesses. Also, we based the designation on the company's aggressive capital spending program and a dividend payout that exceeds 50%. We expect NiSource to continue having negative free operating cash flow over the next three years. Although we expect equity to grow, we also expect the company to continue using debt financing.

For 12 months ended Sept. 30, 2013, FFO to debt was 15.5% and operating cash flow to debt was 14.7%. Our baseline forecast includes weakening financial measures such as FFO to debt ranging between 12.5% and 14% over the next three years and operating cash flow to debt ranging from 11% to 13% over the same period. The weakening financial measures include the effects of rising expenses including interest and taxes.

S&P Base-Case Cash Flow And Capital Structure Scenario

- NiSource's cash flow ratios will remain consistent with the "significant" financial risk profile in 2014 and 2015, and mixed for 2016. This includes an FFO to debt ratio ranging from roughly 12.5% to 14% and operating cash flow to debt ranging from 11% to 13%.
- Cash flow after capital spending and dividends, discretionary cash flow, will be negative over the next three years, resulting external funding needs.
- Debt leverage as indicated by debt to EBITDA expected to remain above 5x each year over the next three years.

Financial summary

Table 2

NiSource Inc. -- Financial Summary					
Industry Sector: Combo					
	September 2013 RTM	**2012**	**2011**	**2010**	**2009**
Rating history	BBB-/Stable/A-3	BBB-/Stable/A-3	BBB-/Stable/A-3	BBB-/Stable/NR	BBB-/Stable/NR

Table 2

NiSource Inc. -- Financial Summary (cont.)					
(Mil. $)					
Revenues	5,463.70	5,061.20	6,019.10	6,422.00	6,649.40
EBITDA	1,800.10	1,743.30	1,572.20	1,667.40	1,595.30
Funds from operations (FFO)	1,469.30	1,371.10	1,036.20	1,222.20	1,287.80
Operating income	1,113.60	1,068.90	945.5	998.8	966.5
Interest expense	475.2	482.3	431.4	475.1	517.4
Net income from continuing operations	463.6	410.6	303.8	294.6	231.2
Cash flow from operations	1,394.50	1,261.90	1,184.80	1,066.40	2,144.60
Capital spending	1,761.70	1,491.70	1,122.10	801.1	775.3
Free operating cash flow	(367.2)	(229.8)	62.7	265.3	1,369.30
Dividends paid	302	273.2	257.8	255.6	253.3
Discretionary cash flow	(669.2)	(503.0)	(195.1)	9.7	1,116.00
Cash and short-term investments	3.7	9.1	2.9	2.3	4.1
Debt	*9,482.90*	*8,844.70*	*8,463.40*	*8,055.80*	*8,048.00*
Preferred stock	0	0	0	0	0
Equity	5,700.90	5,554.30	5,011.50	4,982.80	5,046.10
Debt and equity	15,183.80	14,399.00	13,475.00	13,038.60	13,094.10
Adjusted ratios					
EBITDA margin (%)	32.3	34.4	26.1	26	24
EBITDA interest coverage (x)	2.9	3.6	3.6	3.5	3.1
EBITDA cash interest coverage (x)	2.2	4.4	4.2	4.2	4.2
FFO cash interest coverage (x)	2.3	4.7	3.9	4.3	4.7
Debt/EBITDA (x)	6.8	5.1	5.4	4.8	5
FFO/debt (%)	15.5	15.5	12.2	15.2	16
Cash flow from operations/debt (%)	14.7	14.3	14	13.2	26.6
Free operating cash flow/debt (%)	(3.9)	(2.6)	0.7	3.3	17
Discretionary cash flow/debt (%)	(7.1)	(5.7)	(2.3)	0.1	13.9
Net cash flow/capital spending (%)	66.3	73.6	69.4	120.7	133.4
Debt/debt and equity (%)	62.5	61.4	62.8	61.8	61.5
Return on capital (%)	*6.6*	*6.6*	*6.1*	*6.7*	*6.5*
Return on common equity (%)	8.3	7.6	6.1	6	4.7
Common dividend payout ratio (unadjusted) (%)	65.2	66.6	85	86.8	109.6

RTM--Rolling 12 months.

Liquidity: Adequate

NiSource has "adequate" liquidity, as our criteria define the term. The company's sources of liquidity are likely to cover its uses by more than 1.1x in the next 12 months. We expect NiSource to meet cash outflows even with a 10% decline in EBITDA.

There are sizeable debt maturities in 2014 and 2016; however, we expect the company to refinance these given its satisfactory standing in the credit markets.

Principal Liquidity Sources	Principal Liquidity Uses
• Forecasted FFO of about $1.3 billion in 2014 • Availability under credit facility of about $1.3 billion in 2014	• Maintenance capital spending of about $1.1 billion in 2014 • About $320 million in dividends in 2014 • Debt maturities of $540 million in 2014

Debt maturities

- 2014: $542.1 mil.
- 2015: $265.5 mil.
- 2016: $755.0 mil.
- 2017: $597.8 mil.
- 2018: $808.7 mil.

Covenant Analysis

NiSource's credit facility and a three-year term loan have a covenant of maximum debt to total capital of 70%. As of year-end 2013, the ratio was 60%.

We believe headroom could erode somewhat if debt rises rapidly, without adequate growth in equity while making capital investments.

Compliance Expectations	Schedule Of Step-Downs/Step-Ups
• The company was in compliance as of Dec. 31, 2013 • Single-digit EBITDA growth and elevated capital spending should still permit a cushion • Covenant headroom could decrease without adequate cost recovery of capital investments	• Current: 70% • As of year-end 2014: 70% • As of year-end 2015: 70%

Other Modifiers

NiSource's ratings include a one-notch negative adjustment for comparable rating analysis that reflects NiSource's weak financial ratios within the "significant" financial risk profile.

Group Influence

Standard & Poor's bases its ratings on NiSource on the consolidated group credit profile and application of our group ratings methodology. NiSource, as the parent company, has a GCP that matches its SACP. NIPSCO and Bay State Gas Co. are "core" subsidiaries to the NiSource group and therefore the subsidiaries' issuer credit ratings are equal to the NiSource GCP.

Ratings Score Snapshot

Corporate Credit Rating: BBB-/Stable/A-3

Business risk: Strong

- Country risk: Very low
- Industry risk: Very low
- Competitive position: Satisfactory

Financial risk: Significant

- Cash flow/leverage: Significant

Anchor: 'bbb'

Modifiers

- Diversification/portfolio effect: Neutral (no impact)
- Capital structure: Neutral (no impact)
- Liquidity: Adequate (no impact)
- Financial policy: Neutral (no impact)
- Management and governance: Satisfactory (no impact)
- Comparable rating analysis: Negative (-1 notch)

Stand-alone credit profile: 'bbb-'

- Group credit profile: 'bbb-'
- Entity status within group: Parent

Related Criteria And Research

Related Criteria

- Criteria - Corporates - Utilities: Key Credit Factors For The Regulated Utilities Industry, Nov. 19, 2013
- General Criteria: Group Rating Methodology, Nov. 19, 2013
- General Criteria: Methodology: Industry Risk, Nov. 19, 2013
- Criteria - Corporates - General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Nov. 19, 2013

- Criteria - Corporates - General: Corporate Methodology, Nov. 19, 2013
- Criteria - Corporates - General: Corporate Methodology: Ratios And Adjustments, Nov. 19, 2013
- General Criteria: Methodology For Linking Short-Term And Long-Term Ratings For Corporate, Insurance, And Sovereign Issuers, May 7, 2013
- General Criteria: Methodology: Management And Governance Credit Factors For Corporate Entities And Insurers, Nov. 13, 2012
- General Criteria: Stand-Alone Credit Profiles: One Component Of A Rating, Oct. 1, 2010
- Criteria - Corporates - Utilities: Notching Of U.S. Investment-Grade Investor-Owned Utility Unsecured Debt Now Better Reflects Anticipated Absolute Recovery, Nov. 10, 2008
- Criteria - Corporates - General: 2008 Corporate Criteria: Rating Each Issue, April 15, 2008
- Criteria - Corporates - General: 2008 Corporate Criteria: Commercial Paper, April 15, 2008

Ratings Detail (As Of March 14, 2014)	
NiSource Inc.	
Corporate Credit Rating	BBB-/Stable/A-3
Commercial Paper	
Local Currency	A-3
Senior Unsecured	BBB-
Corporate Credit Ratings History	
28-Jul-2011	BBB-/Stable/A-3
05-Mar-2009	BBB-/Stable/NR
16-Dec-2008	BBB-/Negative/NR
Related Entities	
Bay State Gas Co.	
Issuer Credit Rating	BBB-/Stable/NR
Senior Unsecured	BBB-
NiSource Capital Markets Inc.	
Issuer Credit Rating	BBB-/Stable/NR
Senior Unsecured	BBB-
NiSource Finance Corp.	
Issuer Credit Rating	BBB-/Stable/A-3
Northern Indiana Public Service Co.	
Issuer Credit Rating	BBB-/Stable/NR
Senior Unsecured	A/Stable
Senior Unsecured	BBB-

*Unless otherwise noted, all ratings in this report are global scale ratings. Standard & Poor's credit ratings on the global scale are comparable across countries. Standard & Poor's credit ratings on a national scale are relative to obligors or obligations within that specific country.

MOODY'S
INVESTORS SERVICE

Rating Action: Moody's affirms NiSource Baa2 rating after corporate separation announcement; outlook remains stable

Global Credit Research - 29 Sep 2014

New York, September 29, 2014 -- Moody's Investors Service affirmed the Baa2 senior unsecured rating of NiSource Inc. after the announcement of a planned corporate separation. The rating outlook is stable.

RATINGS RATIONALE

The rating action is triggered by the recent announcement that NiSource is planning on a corporate separation. NiSource intends to split into two publicly traded companies: NiSource Inc.: a holding company with a portfolio of fully regulated electric and natural gas distribution utility subsidiaries; and Columbia Pipeline Group (CPG): a pure play natural gas pipeline, midstream and storage company.

The Baa2 rating also reflects another NiSource announcement, which is aimed at further restructuring CPG. The company is moving forward with the formation of a master limited partnership (MLP), prior to the corporate separation, to help fund CPG's extensive capital investment plans. Post corporate separation, the MLP will remain with CPG.

"The Baa2 rating affirmation of NiSource primarily reflects the credit profile of the electric and gas distribution utility businesses" said Lesley Ritter, Analyst. "The utility's $7.8 billion rate base benefits from supportive regulatory jurisdictions and this supportiveness helps mitigate NiSource's weaken pro-forma financial profile."

NiSource's legacy regulated low risk utility assets, including six local distribution gas companies (equivalent to 55% of rate base) and one vertically integrated electric and gas distribution utility Northern Indiana Public Service Company (Baa1, stable), are viewed as material credit positives. The regulatory authorities overseeing the utilities are supportive to long-term credit quality, provide an attractive suite of timely recovery mechanisms for costs and investments (approximately 70% of capital expenditures are recovered through trackers), and equity returns are authorized at levels at or above the national average.

NiSource also benefits from good geographical diversity and size, with a footprint spanning seven states across the Northeast quadrant of the US. Approximately 65% of the company will be represented by low risk natural gas distribution business, with the remainder being a vertically integrated electric utility in Indiana.

The rating is constrained by NiSource's weak financial profile, primarily relating to its elevated debt levels.

"NiSouce's high debt level appears to be permanent, and will keep some pressure on consolidated financial metrics, including a ratio of cash flow to debt in the 11-12% range over the next few years." Ritter added.

NiSource's extensive capital investment projects will keep some pressure on the financial profile for the foreseeable future, given the lag in cash flow generation relative to the company's debt. Furthermore, we expect the company to apply a conservative approach to its capital investments funding, including equity issuances if necessary. Overall, Moody's views the company's sound operational track record, low business risk, and constructive and diversified regulatory relationships as providing sufficient support for it to offset a financial profile that is weaker than the company's rating on a sustained basis.

The stable rating outlook reflects our expectation that the financial profile will improve over the next three to five years, with a debt to capitalization ratio of approximately 50% and a ratio of cash flow to debt slowly rising closer to the low-teens range. The stable outlook reflects an anticipated smooth corporate separation, and incorporates a view that NiSource's regulated utility capital expenditure plans will be financed with a balanced mix of debt and equity. The outlook also takes into account the credit supportiveness of NiSource's regulatory environments, the low business risk associated with its LDC operations, and the scale and scope of its footprint, which together mitigate metrics that are weak for the rating category.

What Could Change the Rating -- Up

An upgrade could be considered if there was further improvement in the utility's regulatory environment or if cash flow to debt rise to the high teens and interest coverage exceeds 4.0x on a sustained basis.

What Could Change the Rating -- Down

The rating could be downgraded if there is a decline in credit supportiveness of NiSource's regulatory environments, an adverse change in the company's business mix or corporate structure such that its business risk profile deteriorates, or if debt coverage and interest coverage ratios fall below 12% and 3.0x, on a sustained basis.

The principal methodology used in these ratings was the Regulated Electric and Gas Utilities published in December 2013. Please see the Credit Policy page on www.moodys.com for a copy of this methodology.

Outlook Actions:

..Issuer: NiSource Finance Corporation

....Outlook, Remains Stable

Affirmations:

..Issuer: NiSource Finance Corporation

.... Issuer Rating, Affirmed Baa2

....Senior Unsecured Bank Credit Facility, Affirmed Baa2

....Senior Unsecured Commercial Paper, Affirmed P-2

....Senior Unsecured Regular Bond/Debenture, Affirmed Baa2

....Senior Unsecured Shelf, Affirmed (P)Baa2

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Lesley Ritter
Analyst
Infrastructure Finance Group
Moody's Investors Service, Inc.

250 Greenwich Street
New York, NY 10007
U.S.A.
JOURNALISTS: 212-553-0376
SUBSCRIBERS: 212-553-1653

William L. Hess
MD - Utilities
Infrastructure Finance Group
JOURNALISTS: 212-553-0376
SUBSCRIBERS: 212-553-1653

Releasing Office:
Moody's Investors Service, Inc.
250 Greenwich Street
New York, NY 10007
U.S.A.
JOURNALISTS: 212-553-0376
SUBSCRIBERS: 212-553-1653

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MOODY'S
INVESTORS SERVICE

Credit Opinion: NiSource Inc.

Global Credit Research - 14 Oct 2014

Merrillville, Indiana (State of), United States

Ratings

Category	Moody's Rating
Outlook	Stable
Pref. Shelf	(P)Ba1
NiSource Finance Corporation	
Outlook	Stable
Issuer Rating	Baa2
Bkd Sr Unsec Bank Credit Facility	Baa2
Senior Unsecured	Baa2
Bkd Commercial Paper	P-2
NiSource Capital Markets, Inc.	
Outlook	Stable
Bkd Senior Unsecured	Baa2
Northern Indiana Public Service Company	
Outlook	Stable
Issuer Rating	Baa1
Senior Unsecured	Baa1
Bay State Gas Company	
Outlook	Stable
Senior Unsecured	Baa2

Contacts

Analyst	Phone
Lesley Ritter/New York City	212.553.1607
William L. Hess/New York City	212.553.3837

Key Indicators

[1]NiSource Inc.

	6/30/2014(L)	12/31/2013	12/31/2012	12/31/2011	12/31/2010
CFO pre-WC + Interest / Interest	4.1x	4.0x	4.2x	3.8x	3.9x
CFO pre-WC / Debt	14.6%	14.7%	16.2%	13.7%	15.7%
CFO pre-WC - Dividends / Debt	11.5%	11.4%	13.2%	10.7%	12.6%
Debt / Capitalization	51.0%	50.7%	51.5%	53.7%	53.6%

[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

Note: For definitions of Moody's most common ratio terms please see the accompanying User's Guide.

Opinion

Rating Drivers

- NiSource set to become a fully regulated utility company post mid-2015 corporate separation

- Regulated utility assets are low risk, a material credit positive

- Persistent high debt balance and elevated investment spend weigh on financial profile

- MLP formation credit impact negligible given planned spin-off of pipeline segment

Corporate Profile

NiSource Inc. (Baa2 senior unsecured for its guaranteed financing vehicle) is a holding company with regulated local natural gas distribution company (LDC) subsidiaries in Ohio, Pennsylvania, Virginia, Massachusetts, Kentucky and Maryland, a combination vertically integrated electric and gas utility in Indiana, and an interstate natural gas pipeline and storage system that runs from the Gulf Coast to the Northeast. The company maintains operations in three segments: natural gas distribution (39% of 2013 operating income), electric generation, transmission and distribution (23% of 2013 operating income), and natural gas pipelines and storage (38% of 2013 operating income). While the company has one of the largest LDC, natural gas pipeline, and gas storage systems in the US, its vertically integrated electric utility is mid-sized. Two of NiSource's utility subsidiaries are rated: Bay State Gas Company (Bay State, doing business as Columbia Gas of Massachusetts, Baa2 senior unsecured, stable) and Northern Indiana Public Service Company (NIPSCO, Baa1 senior unsecured, stable).

On 28 September 2014, NiSource announced its plan to separate into two publicly traded companies by mid-2015. The companies will consist of NiSource Inc.: a holding company with a portfolio of fully regulated electric and natural gas utility subsidiaries, and Columbia Pipeline Group (CPG): a pure play natural gas pipeline, midstream and storage business. Contemporaneously, NiSource announced the formation of a Master Limited Partnership (MLP) to be used as a funding vehicle for CPG's extensive investment inventory. The MLP will remain with CPG post separation.

On 29 September 2014, we affirmed the Baa2 senior unsecured rating for NiSource's guaranteed financing vehicle. The outlook is stable.

SUMMARY RATING RATIONALE

NiSource's Baa2 rating reflects the credit supportiveness and diversity of its multiple regulatory jurisdictions, the low business risk nature of its operations (approximately 65% of utility operating earnings is represented by natural gas LDCs), as well as its broad geographical footprint and scale (approximately 4 million utility customers across seven states). Together, these help mitigate against the anticipated weakening of its financial profile as the company manages elevated debt levels while executing on a sizeable capital investment program. We anticipate a ratio of cash flow to debt in the low-teen's range over the next three to five years.

DETAILED RATING CONSIDERATIONS

NISOURCE TO BECOME A FULLY REGULATED UTILITY COMPANY POST 2015 CORPORATE SEPARATION

The spin-off of CPG into a separate, publicly listed company, simplifies NiSource's operations and transforms the company into a fully regulated utility. It also removes the uncertainty associated with its pipeline business including contract renewal risk and execution risk on its multibillion dollar capital expenditure program. Furthermore, given the creation of an MLP to finance CPG's capital investments, the separation allows NiSource to maintain a straightforward and transparent corporate financing structure.

REGULATED UTILITY ASSETS ARE LOW RISK, A MATERIAL CREDIT POSITIVE

Upon corporate separation, expected in mid-2015, NiSource's seven LDCs will represent about 65% of pro forma operating income, while its vertically integrated electric utility segment will make up the difference.

NiSource's LDCs have become steadier and more profitable over the past several years due to rate increases and improved rate design. Since 2007, a round of rate cases across all jurisdictions has brought rate relief that has increased this segment's operating income by 37%, and raised the LDCs' consolidated non-volumetric revenue recovery to above 80%. NiSource's electric segment is nearing completion of its major environmental project, and its generation fleet will be fully MATS compliant by 2015.

The state regulators overseeing NiSource's utilities are generally credit supportive. Each LDC benefits from decoupling mechanisms and/or weather normalization adjustments which reduce earnings volatility. In addition, NiSource has access to a variety of tracker mechanisms across its different jurisdictions to cover its ongoing infrastructure replacement program, that provide for timely recovery of its sizeable infrastructure investment program. Similarly, NiSource's electric segment benefits from a broad array of tracker mechanisms providing for timely recovery of operating expenses as well as environmental and system modernization investments.

In 2014, NiSource completed a single general rate case and filed for new base rates in Pennsylvania and Virginia. Columbia Gas of Massachusetts' (CMA, 7% of consolidated utility rate base) rate case was decided following a fully litigated proceeding with a final order granting about 65% of CMA's requested increase based on a 9.55% return on equity and a 53.68% equity ratio.

Massachusetts continues to be NiSource's most challenging jurisdictions where rate cases are typically fully litigated rather than settled. Nevertheless, we view CMA's latest rate case order as generally credit positive since it granted the company a return on equity that is higher than the one allowed in its 2012 rate order, an equity strong capital structure, as well as the right to continue the company's targeted infrastructure recovery factor, which provides for recovery of its pipeline replacement program.

NiSource's two ongoing base rate proceedings together account for 20% of consolidated utility rate base and, if approved as filed, would represent a total of $86 million in additional annual revenues with partial new rates going into effect as of 1 October 2014.

Among its other 2014 regulatory proceedings, NiSource received regulatory approvals on its seven-year electric and gas investment plans filed in Indiana for a total investment amount of $1.8 billion. The legislation provides for cost recovery outside of a base rate proceeding for new or replacement electric and gas transmission, distribution and storage projects, with 80% of eligible costs being recovered using the TDSIC rider and 20% of the costs being deferred. We expect TDSIC along with NiSource's other infrastructure riders to allow the company to stay out of general rate case proceedings for a number of years. This provides significant earnings visibility for NiSource's utilities and allows for predictable operating cash flow generation over the near to medium term, a credit positive.

PERSISTENT HIGH DEBT BALANCE AND ELEVATED INVESTMENT SPEND WEIGH ON FINANCIAL PROFILE

NiSource's rating is constrained by its weak financial profile, primarily relating to its elevated debt levels which appear to be permanent. The extensive capital investment projects at its utilities, estimated at about $1.2 billion per year (or 2.7x 2013 depreciation) through 2020, will keep some pressure on the company's financial profile for the foreseeable future. We anticipate that its debt coverage metrics will decline from their current mid-teen levels over the next few years, falling to the 11-12% range before returning to 13-14% once new projects begin generating sufficient cash flows to offset the company's elevated debt balance. Furthermore, given NiSource's existing leverage position, we expect the company will apply a conservative approach to its capital investments funding, including equity issuances, as necessary.

MLP FORMATION CREDIT IMPACT NEGLIGIBLE GIVEN PLANNED CPG SPIN-OFF

With $12-15 billion in capital investments planned at CPG over the next 10 years, NiSource is creating a new MLP, Columbia Pipeline Partners (CPP, not rated), to fund the equity portion of its spend. The credit impact of the MLP formation on NiSource's rating is negligible given the expectation that CPP will be spun off by mid-2015 when NiSource's corporate separation is completed.

Notching Considerations

NiSource's operating subsidiary NIPSCO is rated one notch above NiSource to reflect its default probability and the structural seniority of its debt to substantially all the parent guaranteed debt at NiSource Finance Corp. Bay State's debt is guaranteed by NiSource and has the same rating as NiSource.

As shown in the methodology grid below, the grid indicates a rating of Baa1, which does not reflect the structural subordination that causes the actual parent rating to be Baa2. Ratings within the NiSource family are notched closely, because of the company's practice to centrally manage its subsidiaries' cash flow in a corporate money pool and consolidating its debt financing at its guaranteed financing subsidiary NiSource Finance Corp.

Liquidity Profile

NiSource's liquidity is adequate. NiSource maintains a $2.0 billion revolving credit facility due September 2018. The revolver backs its $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 debt-to-capitalization ratio of 70% which the company satisfied as of 30 June 2014, with a debt to cap ratio of 60.6%.

NiSource also maintains three separate accounts receivable securitization programs totaling $515 million at its LDCs ($300 million outstanding as of 30 June 2014). The programs are renewed annually.

As of 30 June 2014, NiSource had $18 million of cash on hand in addition to $1.2 billion of available capacity under its revolver after giving effect to $801 million of commercial paper and $14 million in letters-of-credit outstanding. NiSource has $230 million of notes due in November 2015, a $325 million term loan due April 2016, and another $422 million of notes due in 2016.

Rating Outlook

The stable outlook reflects our expectation that NiSource's financial profile will decline modestly due to its planned corporate separation, but only temporarily. A debt to capitalization ratio of approximately 50% is expected as well as a decline in its cash flow to debt to the 11% - 12% range before slowly rising closer to the low-teens range. The stable outlook reflects and anticipates a smooth corporate separation, and incorporates a view that NiSource's regulated utility capital expenditure plans will be financed with a balanced mix of debt and equity. The outlook also takes into account the credit supportiveness of NiSource's regulatory environments, the low business risk associated with its LDC operations, and the scale and scope of its footprint, which together mitigate metrics that are weak for the rating category.

What Could Change the Rating - Up

An upgrade could be considered if there was further improvement in the utility's regulatory environment or if cash flow to debt rises to the high teens and interest coverage exceeds 4.0x on a sustained basis.

What Could Change the Rating - Down

The rating could be downgraded if there is a decline in credit supportiveness of NiSource's regulatory environments, an adverse change in the company's business mix or corporate structure such that its business risk profile deteriorates, or if debt coverage and interest coverage fall below 12% or 3.0x, respectively, on a sustained basis.

Rating Factors

NiSource Inc.

Regulated Electric and Gas Utilities Industry Grid [1][2]	Current LTM 6/30/2014		[3]Moody's 12-18 Month Forward ViewAs of October 2014	
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	4.0x	Baa	3x - 4x	Baa

Avg)				
b) CFO pre-WC / Debt (3 Year Avg)	15.0%	Baa	11% - 14%	Baa
c) CFO pre-WC - Dividends / Debt (3 Year Avg)	11.9%	Baa	9% - 12%	Baa
d) Debt / Capitalization (3 Year Avg)	51.4%	Baa	49% - 53%	Baa
Rating:				
Grid-Indicated Rating Before Notching Adjustment		Baa1		Baa1
HoldCo Structural Subordination Notching	0	0	0	0
a) Indicated Rating from Grid		Baa1		Baa1
b) Actual Rating Assigned		Baa2		Baa2

[1] All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations. [2] As of 6/30/2014(L); Source: Moody's Financial Metrics [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.

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on http://www.moodys.com for the most updated credit rating action information and rating history.

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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 2014. CPA utilizes the NiSource rate, which is 4.08%.

Attached as Attachment B is the worksheet showing the computation of the current AFUDC rate of 4.08%.

NiSource
Delivering life's essential resources

December 1, 2014
No. 2014-44

From: J. Mulpas

To: J. Konold R. Plantz S. Taylor W. Telzerow

CC:

A. Abram	S. Diener	K. Isley	D. Monk	S. Sagun
D. Beil	D. Dorsch	R. Jankowski	C. Moore	J. Sawyers
C. Berberich	B. Douce	K. Johnson	L. Moore	E. Scardon
K. Blissmer	N. Drew	J. Jones	R. Mulvihill	S. Schmal
N. Bly	J. Eing	T. Keefe	T. Mundorf	D. Schmelzer
J. Boushka	K. Figg	E. Kendall	T. Napiwocki	B. Sedlock
D. Bruno	L. Fitzgerald	S. Khan	S. Patterson	J. Shikany
A. Camp	L. Francisco	J. Leslie	T. Pemberton	J. Silcott
G. Carney	J. Gambone	D. Loudermilk	A. Pribisko	J. Siegle
M. Casey	B. Golding	R. Markosky	E. Postma	D. Speas
J. Chute	E. Han	A. Marson	M. Prenger	M. Szames
K. Cochran	M. Hanson	N. Maynard	B. Radcliffe	B. Titak
K. Comer	T. Harmon	M. McCuen	C. Rider	B. Vangen
J. Croom	D. Hasson	E. Messick	A. Romero	T. Wince
L. Doles	C. Holmquest	D. Miller	B. Rost	J. Wozniak
C. Delany	J. Holtzmuller	C. Misirly	R. Rudenga	A. Zientara

2014 Allowance for Funds Used During Construction (AFUDC) Borrowed and Equity Rates

Listed below are the updated AFUDC rates to be used for 2014 shown alongside the rates last published in Controller's Letter 2014-19 (issued May 2014). Interim rates are published to capture significant rate trends prior to year-end. For the rates that changed, please record a cumulative adjustment from January 1, 2014 in order to reflect the changes.

	Using 12 Months Ended April 30, 2014			Using 12 Months Ended October 30, 2014			
	Borrowed (A/C 7003100000)	Equity (A/C 7031240000)	Total	Borrowed (A/C 7003100000)	Equity (A/C 7031240000)	Total	
NIPSCO (Gas)	2.32%	5.52%	7.84%	2.34%	5.57%	7.91%	
NIPSCO (Electric)	2.31%	5.65%	7.96%	2.34%	5.76%	8.10%	
CMA	0.91%	1.02%	1.93%	0.67%	0.00%	0.67%	(1)
CMD	7.528%	0.00%	7.528%	7.528%	0.00%	7.528%	
CGV	3.597%	4.327%	7.924%	3.597%	4.327%	7.924%	
CKY	2.53%	5.25%	7.78%	2.53%	5.25%	7.78%	
COH	1.44%	1.85%	3.29%	1.15%	1.16%	2.31%	(2)
CPA	2.09%	3.61%	5.70%	1.64%	2.44%	4.08%	(3)

(1) The Columbia Gas of Massachusetts (CMA) AFUDC Debt and Equity rates decreased from the prior period primarily due to an increase in the average short-term debt balance relative to average CWIP.

(2) The Columbia Gas of Ohio (COH) AFUDC Debt and Equity rates decreased from the prior period primarily due to an increase in the average short-term debt balance relative to average CWIP.

(3) The Columbia Gas of Pennsylvania (CPA) AFUDC Debt and Equity rates decreased from the prior period primarily due to an increase in the average short-term debt balance relative to average CWIP.

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Notes on certain key components of the AFUDC Rate calculation:

ST Debt Interest Rate: Generally, an increase in the ST Debt Interest Rate will increase the AFUDC-Borrowed Rate and have no impact on the AFUDC-Equity Rate. Operating company rates are based on the consolidated rate. The ST Debt Interest Rate is based on Money Pool Borrowings.

Ratio of Average ST Debt to Average CWIP (S/W Ratio): An increase in the S/W Ratio will decrease both the AFUDC-Borrowed Rate and AFUDC-Equity Rate, as the AFUDC formula assumes that ST borrowings are used first for construction before costs of LT debt and equity are factored in. Average ST Debt is based on Money Pool Borrowings. In the event average ST borrowings exceed the average CWIP balance for the period, the AFUDC-Equity Rate will be zero, and the AFUDC-Borrowed Rate will equal the ST borrowing rate.

Cost of Equity Rate: An increase in the Cost of Equity Rate will increase the AFUDC-Equity Rate and have no impact on the AFUDC-Borrowed Rate. The Cost of Equity Rate is based on regulatory filings and is a weighted average rate at the NiSource Consolidated level.

Attached are schedules showing the computation of the 2014 AFUDC rates.

If you have any questions regarding the AFUDC calculations, please contact Lacey Doles at (614) 460-4877.

AFUDC Rates Calculation
10/31/2014

AFUDC Rates	
	CPA037
AFUDC Debt	1.64%
AFUDC Equity	2.44%
Total AFUDC	4.08%
AFUDC Debt = s(S/W)+d(D/(D+P+C)*(1-S/W)	
AFUDC Equity = (1-S/W)*[(p(P/(D+P+C))*+c(C/(D+P+C))]	
	CPA037
D - LTD	411,390,000
d - LTD Interest Rate (see Note E)	5.81%
P - Preferred Stock (see Note F)	-
p - Preferred Stock Cost Rate (see Note F)	0.00%
C - Common Equity	474,866,823
c - Common Equity Cost Rate (see Note A)	9.72%
s - ST Debt Interest Rate	0.69%
S - Average ST Debt	14,596,658
W - Average CWIP	27,455,170
STD/AVCWIP	53.17%

CWIP - Ending Balance		
100129000		CPA037
2013	Oct	24,942,742
2013	Nov	26,946,558
2013	Dec	24,550,222
2014	Jan	30,907,884
2014	Feb	33,925,063
2014	Mar	39,602,287
2014	Apr	28,114,446
2014	May	25,669,728
2014	Jun	15,148,314
2014	Jul	25,042,616
2014	Aug	22,781,370
2014	Sep	29,275,810
2014	Oct	30,152,752
Average CWIP Ending Balance		27,462,202

CWIP - Average Monthly Balance		
		CPA037
2013	Nov	25,944,650
2013	Dec	25,748,390
2014	Jan	27,729,053
2014	Feb	32,416,474
2014	Mar	36,763,675
2014	Apr	33,858,366
2014	May	26,892,087
2014	Jun	20,409,021
2014	Jul	20,095,465
2014	Aug	23,911,993
2014	Sep	26,003,590
2014	Oct	29,689,281
TTM Average CWIP Balance		27,455,170

Interest Expense - Money Pool		
700102000		CPA037
2013	Nov	22,360
2013	Dec	26,173
2014	Jan	10,901
2014	Feb	-
2014	Mar	-
2014	Apr	-
2014	May	-
2014	Jun	3,043
2014	Jul	22,821
2014	Aug	45,093
2014	Sep	50,765
2014	Oct	61,218
TTM MP Interest Expense		242,374

Average Daily Balance of Short-term Borrowings (Money Pool)			
		CPA037	Monthly MP Rate
2013	Nov	39,867,051	0.06%
2013	Dec	43,456,493	0.05%
2014	Jan	17,976,343	0.06%
2014	Feb	-	0.05%
2014	Mar	-	0.05%
2014	Apr	-	0.05%
2014	May	-	0.05%
2014	Jun	5,790,180	0.05%
2014	Jul	40,379,467	0.06%
2014	Aug	72,581,093	0.06%
2014	Sep	92,025,680	0.06%
2014	Oct	109,697,931	0.06%
TTM Avg. ST Borrowings		35,147,847	

Short-term Borrowings Used for AFUDC Calculation		
		CPA037
2013	Nov	25,944,650
2013	Dec	25,748,390
2014	Jan	17,976,343
2014	Feb	-
2014	Mar	-
2014	Apr	-
2014	May	-
2014	Jun	5,790,180
2014	Jul	20,095,465
2014	Aug	23,911,593
2014	Sep	26,003,590
2014	Oct	29,689,281
TTM Avg. ST Borrowings for AFUDC		14,596,658

Interest Expense on ST Borrowings for AFUDC		
		CPA037
2013	Nov	14,557
2013	Dec	15,508
2014	Jan	10,901
2014	Feb	-
2014	Mar	-
2014	Apr	-
2014	May	-
2014	Jun	3,043
2014	Jul	11,357
2014	Aug	14,256
2014	Sep	14,335
2014	Oct	16,568
TTM MP Interest Expense for AFUDC		101,130

Long-term Debt / Preferred Stock / Common Equity

2013	Dec	CPA037
201299000	Long Term Debt (incl. Capital Leases)	413,567,034
300199000	Current Portion of Long Term Debt	48,733
300201233	Short-term Debt I/C (Note L)	-
300129000	Less: Capital Leases in Current LTD	48,733
201230225	Less: Unamortized Premium	-
201235726	Less: Unamortized Discount	-
201240000	Less: Interest Rate Swaps	-
201249000	Less: Capital Leases in LTD	2,177,034
Long-term Debt		411,390,000
201099000	Preferred Stock	-
200999000	Common Equity	474 866,823

Note A - The Common Equity Cost Rate s were obtained from Jeff Gore, James Racher, Marianne Schuster, Paula Strauss, Mark Katko (Columbia), Angela Camp (NIPSCO), and Sorana Linder (CPG)

Note E - LTD Interest Rate obtained from Financial Reporting Debt Cost worksheets obtained from Matt Prenger, Financial Reporting ('Average Debt Costs' includes NiSource Consolidated and NIPSCO, there is also 'BSG Notes' and 'Columbia Intercompany') Based on December 31, 2013 10-K balances.

Note F - NiSource does not have any preferred stock at this time.

Note G - Amounts obtained from Ken Black's Money Pool Spreadsheet which is provided to Accounting Research on a monthly basis.

Note L -Peoplesoft account 2330000 - Notes Payable Affiliated is mapped to this intercompany short-term debt account in Hyperion. As these balances represent a current portion of long-term debt and not short-term borrowings, account must be included herein. As this account is marked as intercompany, these balances are eliminated in consolidation so there is no missclassification between short-term borrowings and current portion of long-term debt on the consolidated balance sheet For FERC purposes, the balances are appropriately recorded in a 733 Notes Payable account

Columbia Gas of Pennsylvania, Inc.

Standard Data Request

Rate of Return

Question No. GAS-ROR-006:

Please supply copies of all presentations by the Company's and, if applicable, its parent's management to securities analysts during the past 2 years. This would include presentations of financial projections.

Response:

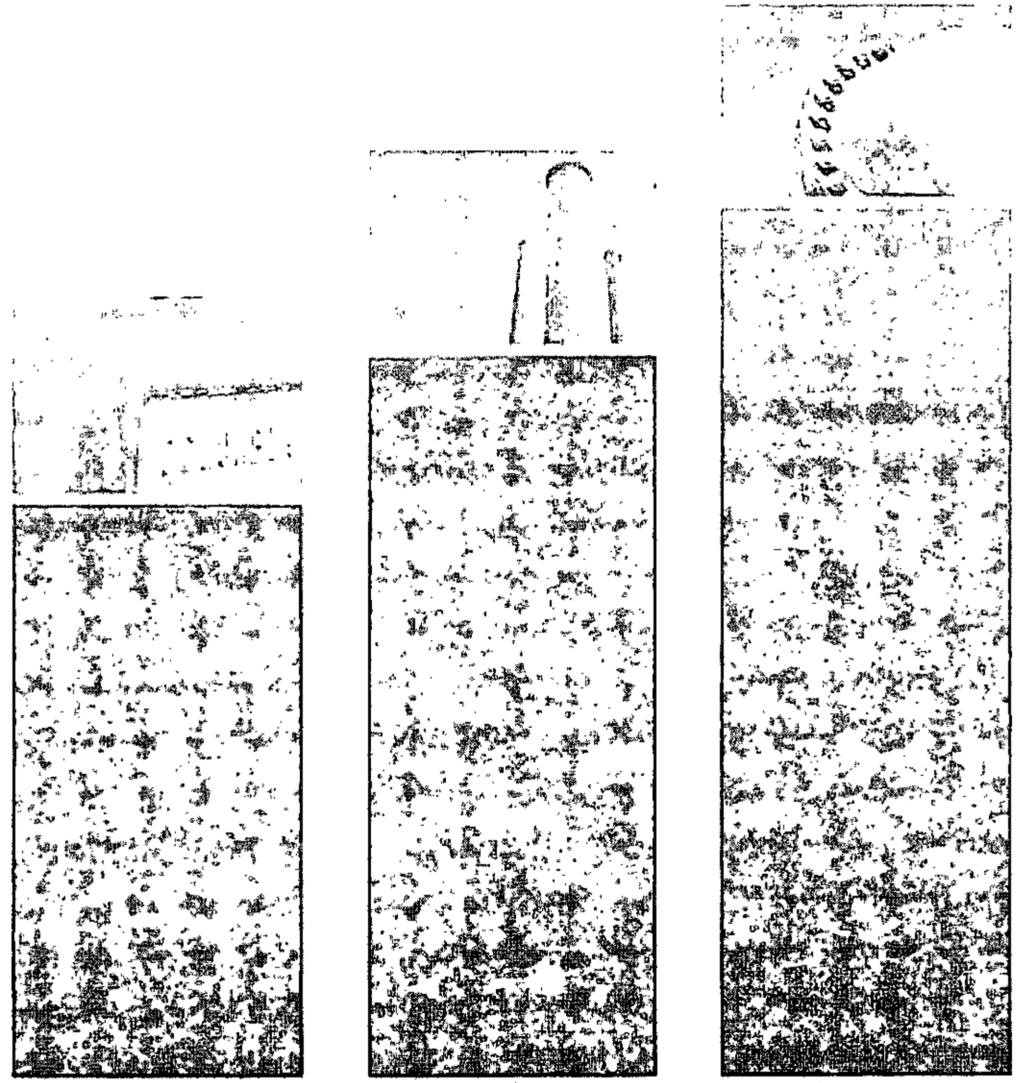
Columbia Gas of Pennsylvania, Inc. (Company) is a wholly owned subsidiary of NiSource Gas Distribution, Inc. (NGD), which is a subsidiary of NiSource Inc. (Parent). Neither the Company nor NGD have made presentations to securities analysts separate from the Parent.

Presentations made by the Parent from the past 2 years are included in Attachments A – I.

Supplemental Slides

First Quarter 2013 Earnings
April 30, 2013

NiSource



Forward-Looking Statements

This document contains forward-looking statements within the meaning of federal securities laws. These forward-looking statements are subject to various risks and uncertainties. Factors that could cause actual results to differ materially from the projections, forecasts, estimates and expectations discussed herein include, among other things, weather; fluctuations in supply and demand for energy commodities; growth opportunities for NiSource's businesses; increased competition in deregulated energy markets; the success of regulatory and commercial initiatives; dealings with third parties over whom NiSource has no control; actual operating experience of NiSource's assets; the regulatory process; regulatory and legislative changes; the impact of new environmental laws and regulations; the results of material litigation; changes in pension funding requirements; changes in general economic, capital and commodity market conditions; counter-party credit risk; and the matters set forth in the "Risk Factors" sections in NiSource's most recent Form 10-K and subsequent Forms 10-Q, many of which are beyond the control of NiSource. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this presentation. NiSource expressly disclaims a duty to update any of the forward-looking statements contained in this document.

With regard to Net Operating Earnings Guidance for 2013 – it should be noted that there will likely be differences between net operating earnings and GAAP earnings for matters including, but not limited to, weather, and other factors. NiSource is not able to estimate the impact of such items on GAAP earnings and, as such, is not providing earnings guidance on a GAAP basis.

Key Takeaways – First Quarter 2013

Continued Execution of NiSource's Infrastructure Investment Strategy

- Results in line with expectations and 2013 earnings guidance
- Continued execution of infrastructure-focused capital investments
- Landmark infrastructure investment legislation advances in Indiana
- Unanimous rate settlement filed in Pennsylvania; new base rate cases filed in Massachusetts and Maryland
- Significant pipeline modernization settlement approved by FERC; multiple projects moving ahead
- Investment-grade credit ratings reaffirmed

Building Long-Term, Sustainable Growth

First Quarter 2013 Financial Highlights

Financial Results in Line with 2013 Earnings Guidance

Non-GAAP	Q1 2013*	Q1 2012*	Change*
Net Operating Earnings from Continuing Operations	$215.3	$213.5	$1.8
Net Operating Earnings Per Share	$0.69	$0.76	$0.07
Operating Earnings	$427.9	$433.8	$5.9

GAAP	Q1 2013*	Q1 2012*	Change*
Income from Continuing Operations	$215.4	$192.5	$22.9
Earnings Per Share	$0.69	$0.68	$0.01
Operating Income	$428.1	$397.7	$30.4

Results Reflect 24M Additional Shares from 2012 Forward Sale Equity Issuance

* *All Results Listed In Millions, Except for EPS; For a Reconciliation to GAAP, See Schedule 1 of the Company's April 30, 2013 Earnings Release*

NiSource®

Columbia Pipeline Group – First Quarter 2013

A Diverse Mix of Value-Adding Infrastructure Investment Opportunities

- Operating earnings $133.3M in Q1 2013 vs. $138.6M in Q1 2012*
- Landmark customer modernization settlement approved by FERC
- Big Pine Gathering System placed in service; new gathering agreement signed with PennEnergy
- East Side and West Side Expansion projects moving ahead

Looking Ahead:

Project	Key Components	Status
Pipeline Modernization	• 5-year initial settlement term • $1.5B investment during initial settlement term • $100M annual maintenance investment • Part of $4B - $5B program	• Approved by FERC • Projects initiated
End-Use Customer Boiler Conversion (Giles County)	• System extension to large end-user's coal boiler to natural gas • ~$25M Columbia Transmission investment • ~$15M Columbia Gas of Virginia investment	• Projected in service Q4 2014
Millennium Pipeline *NiSource: 47.5 percent interest*	• Two additional compression projects adding nearly 30,000 horsepower and additional capacity • ~$90M investment (gross) for both projects	• Minisink: projected in-service May 2013 • Hancock: projected in-service Q4 2013
Pennant Midstream, LLC *50/50 Joint Venture with Hilcorp*	• Gathering and processing facilities serving Utica region • 400 million cubic feet/day gathering; 200 million cubic feet/day processing • ~$300M initial joint venture investment (gross)	• Project on schedule and on budget • Projected in-service Q4 2013
Hilcorp Utica Minerals Arrangement	• ~100K combined acres • Acreage dedicated to Pennant Midstream • A working and overriding royalty interest in program	• Test wells drilled in 2012 and 2013; liquids content consistent with other area wells

Modernization Program Provides Long-Term Stakeholder Benefits

* *Non-GAAP. For a Reconciliation to GAAP, See Schedule 2 of the Company's April 30, 2013 Earnings Release*

NiSource®

Electric Operations – First Quarter 2013

Indiana Legislation Supports Long-Term Infrastructure Investments

- Operating earnings $64.9M in Q1 2013 vs. $48.5M in Q1 2012*
- Landmark legislation supports energy infrastructure modernization
- Green Power Rate pilot program launched for customers
- Electric transmission projects approved and moving forward

Looking Ahead:

Highlight	Key Components	Status
Automated Meter Reader Deployment	• $90 million investment over three years • 900,000 gas and electric meters to be replaced by 2016 • More efficient and accurate meter reading	• On budget, on schedule
Electric Generating Plant Environmental Investments	• $800M+ in total environmental investments • Schahfer Flue Gas Desulfurization (FGD) investments: Units 14 & 15 • Michigan City FGD: Unit 12 • Enhanced mercury and particulate controls	• Schahfer construction on schedule, on budget • Michigan City FGD approved; planning, engineering and preliminary construction in progress
Electric Transmission System Enhancement – Reynolds to Topeka Project	• 100-mile, 345-KV transmission project • $250M-$300M investment • Projected in-service latter part of decade	• First public outreach meetings completed in early February 2013
Electric Transmission System Enhancement – Reynolds to Greentown *(Joint Project)*	• 66-mile, 765-KV transmission project • $300M-$400M investment (NIPSCO portion $150M - $200M) • Projected in-service latter part of decade	• Preliminary planning in progress

Continued Focus on Customer Service, Reliability and Environmental Initiatives

** Non-GAAP. For a Reconciliation to GAAP, See Schedule 2 of the Company's April 30, 2013 Earnings Release*

NiSource Gas Distribution – First Quarter 2013

~$10B Inventory of Long-Term Infrastructure Investments

- Operating earnings $233.3M in Q1 2013 vs. $244.8M in Q1 2012*
- Columbia Gas of Pennsylvania filed a unanimous settlement with PUC
- Columbia Gas of Maryland and Columbia Gas of Massachusetts file base rate cases
- New legislation in Virginia and Maryland supports proactive infrastructure investment focus

Looking Ahead

Highlight	Key Components	Status
Columbia Gas of Pennsylvania Base Rate Case	• Unanimous settlement filed with Pennsylvania Public Utility Commission • Settlement would increase annual revenues by ~$55 million • Outlines simplified rate design, including weather normalization adjustment and full recovery of safety-related expenditures	• Decision and rates projected to be in effect in July 2013
Columbia Gas of Massachusetts Base Rate Case	• Filed April 16, 2013 • Requested revenue increase of ~$30M • Supports expanded infrastructure plans with timely investment recovery	• Decision expected Q1 2014
Columbia Gas of Maryland Base Rate Case	• Filed Feb. 28, 2013 • Requested increase of ~$5 million • Updated rate design including higher fixed monthly charge and recovery of infrastructure modernization investments	• Decision expected Q3 2013

Long-Term Infrastructure Investments, Customer Programs & Regulatory Initiatives

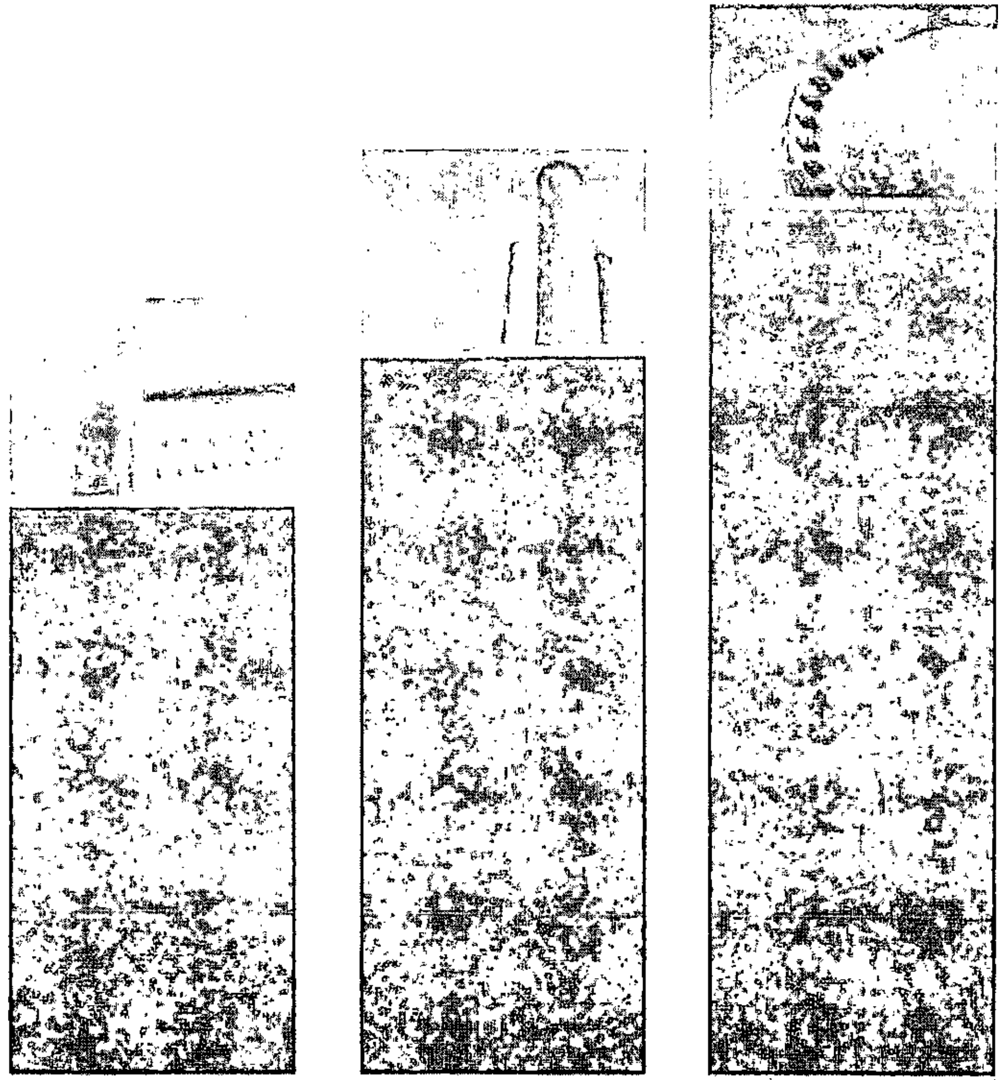
** Non-GAAP. For a Reconciliation to GAAP, See Schedule 2 of the Company's April 30, 2013 Earnings Release*

NiSource

Appendix

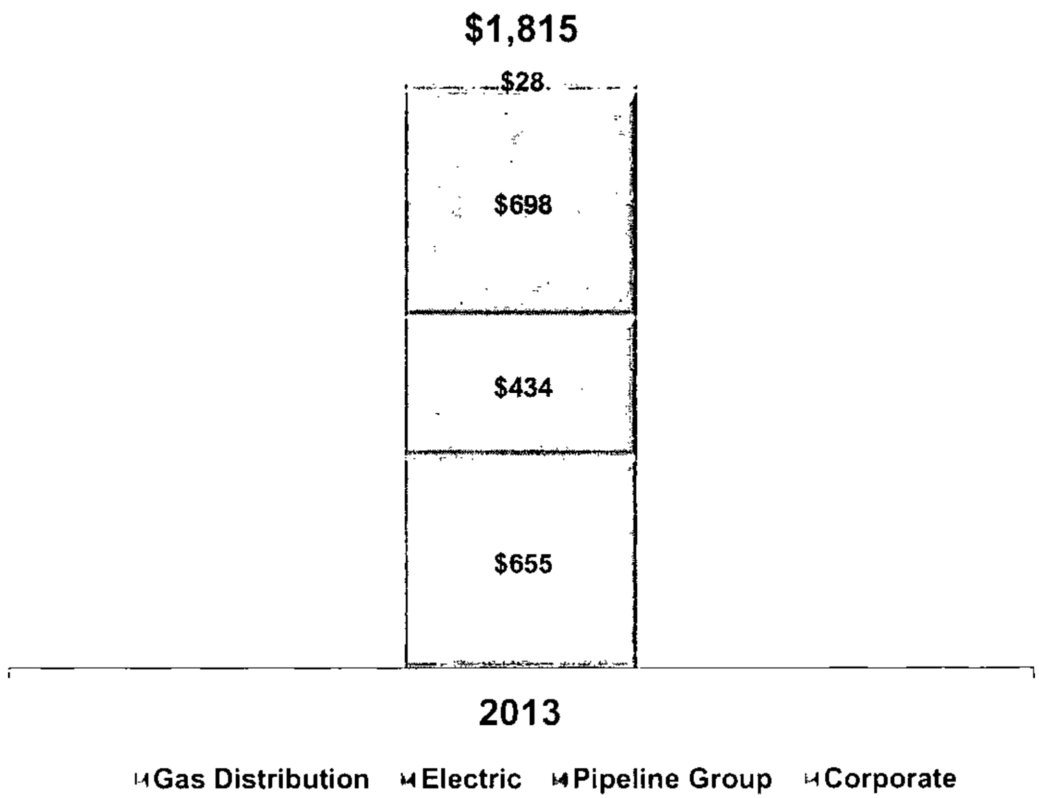
First Quarter 2013 Earnings
April 30, 2013

NiSource



Capital Expenditures ($M)

2013 Forecasted CapEx



2013 Growth & Tracker ~$1,325M (73%) and Age & Condition ~$490M (27%)

Capitalization ($M)

Total Debt to Capitalization 58.5% as of 3/31/13

	Actual 3/31/2013			Actual 12/31/2012		
	Debt	Equity	Total	Debt	Equity	Total
Long-Term Debt	$ 6,803.9	$ -	$ 6,803.9	$ 6,819.1	$ -	$ 6,819.1
Short-Term Debt	686.5	-	686.5	543.6	-	543.6
Sale of A/R	444.7	-	444.7	233.3	-	233.3
Current Maturities	89.3	-	89.3	507.2	-	507.2
Common Equity	-	5,690.7	5,690.7	-	5,554.3	5,554.3
Total Capitalization Per Balance Sheet	**$ 8,024.4**	**$ 5,690.7**	**$13,715.1**	**$ 8,103.2**	**$ 5,554.3**	**$13,657.5**
% of Capitalization Per Balance Sheet	**58.5%**	**41.5%**	**100.0%**	**59.3%**	**40.7%**	**100.0%**

NiSource®

Current Liquidity ($M)

	Actual 3/31/13	Maturity
Committed Credit Facility	$ 1,500	May 2017
Less:		
Drawn on Credit Facility	-	
Commercial Paper	(686)	
Letters of Credit	(18)	
Add:		
Cash & Equivalents	101	
Net Available Liquidity	**$ 897**	

NiSource®

CPG Regulated Pipeline & Storage Growth Update

M $3B-$4B Opportunity
Marketing

1 **Millennium** ~$90M (NI: $45M) 2Q & YE '13
Marcellus: Deliver Marcellus supplies to multiple markets with expanded compression at Minisink (150 MMcf/Day) and Hancock (175 MMcf/Day)

2 **Warren County** $35M 2Q '14
Gas Generation: Expansion to serve Virginia Power's new 1,300 MW plant (250 MMcf/Day)

3 **West Side Expansion** $200M 4Q '14
Marcellus: Transport supply to growing Southeast Markets (~500 MMcf/Day)

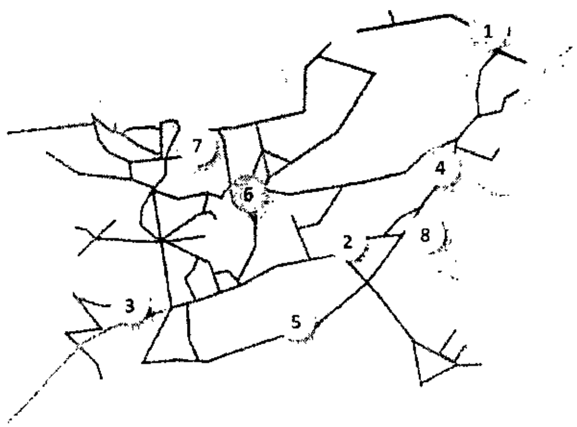
4 **East Side Expansion** ~$210M 3Q '15
Marcellus: Connect northern Marcellus supplies to Northeast and Mid-Atlantic Markets (~300 MMcf/Day)

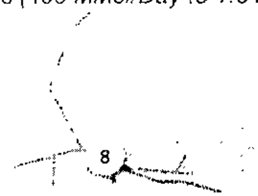
5 **Giles County** ~$40M (CPG $25M + CGV $15M) 4Q '14
Gas Conversion: Pipeline extension to serve coal-to-natural gas boiler conversion (~45 MMcf/Day)

6 **Line 1570** ~$20M 4Q '14
Marcellus: Increased takeaway capacity (~100 MMcf/Day)

7 **Quick Link** ~$300M 2Q '16
Utica: ~90 Miles of processed gas transportation in East Ohio (~500 MMcf/Day)

8 **LNG Exports** $200M - +$1B 2017+
Marcellus/Utica: Aggregate and deliver supplies to LNG export terminals on Atlantic and Gulf Coasts (400 MMcf/Day to 1.6 Bcf/Day)





Complete
In Execution
In Development
In Evaluation

M $4B-$5B Opportunity

Columbia Gas Modernization $300M/Yr 1Q '13

FERC approved (1/2013) - 5 Year settlement agreement (with potential extension provisions) to begin a systematic infrastructure replacement program. Program started in 2013...first year tracker filing expected in November 2013 for February 2014 recovery.

CPG Midstream & Minerals Growth Update

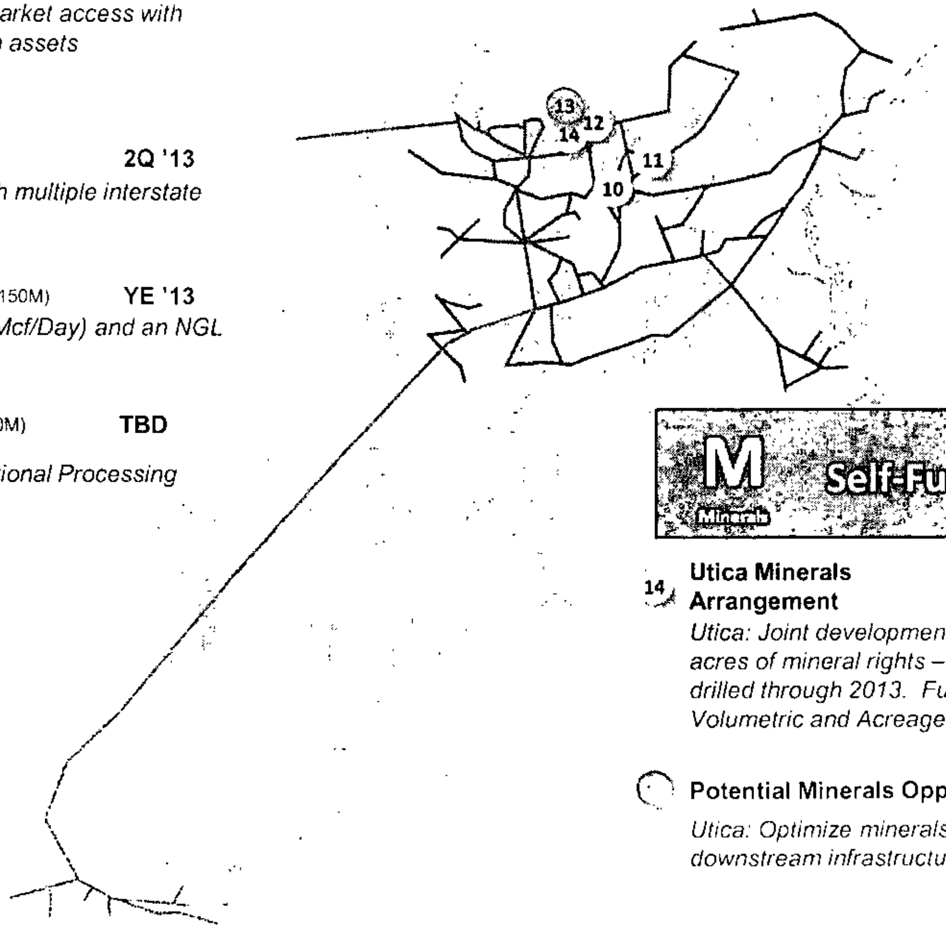
M Midstream — $1B-$1.5B Opportunity

10 **Majorsville** — **$85M** — **3Q '10**
Marcellus: Gather wet Marcellus gas to processing facility and provide downstream pipeline market access with additional pipeline and compression assets (325 MMcf/Day)

11 **Big Pine Gathering** — **$160M** — **2Q '13**
Marcellus: ~70 Miles of Pipeline with multiple interstate connections (425 MMcf/Day)

12 **Pennant JV Phase I** — **$300M** (NI = $150M) — **YE '13**
Utica: ~50 Miles of Pipeline (400 MMcf/Day) and an NGL processing facility (200 MMcf/Day)

13 **Pennant JV Phase II** — **$300M** (NI = $150M) — **TBD**
Utica: Pipeline Extension and Additional Processing



Complete
In Execution
In Development
In Evaluation

M Minerals — Self-Funded Investment

14 **Utica Minerals Arrangement** — **Drilling Started 2H '12**
Utica: Joint development with Hilcorp to extract value of ~100k acres of mineral rights – test and delineations wells being drilled through 2013. Full development expected to start 2014. Volumetric and Acreage dedicated to Pennant JV

Potential Minerals Opportunities — **Under Evaluation**
Utica: Optimize minerals position in shale region to leverage downstream infrastructure opportunities

NiSource

Electric Operations Infrastructure Investment Update

Upgrade Generation Fleet ($700M - $1.4B Opportunity)

1 **U14/15 FGDs** ~$500M YE'13/YE'14
Environmental: ECRM (Environmental Cost Recovery Mechanism)Tracked FGD (Flue Gas Desulfurization) facilities at Schahfer Generating Station

2 **U12 FGD** ~$240M YE'15
Environmental: ECRM Tracked FGD facilities at Michigan City Generating Station

3 **NOx Upgrades** ~$50M YE'15
Environmental: ECRM Tracked NOx upgrades and monitoring

4 **MATS** $45M - $75M YE'13/YE'14/YE'15
Environmental: ECRM Tracked projects enhancing mercury and particulate controls at all coal plants

5 **Water Treatment** $25M - $130M YE'17/YE'18
Environmental: SB 251 Tracked projects enhancing wastewater treatment at all coal plants and water intake modifications at Bailly Station

6 **Coal Ash Improvements** $100M - $300M TBD
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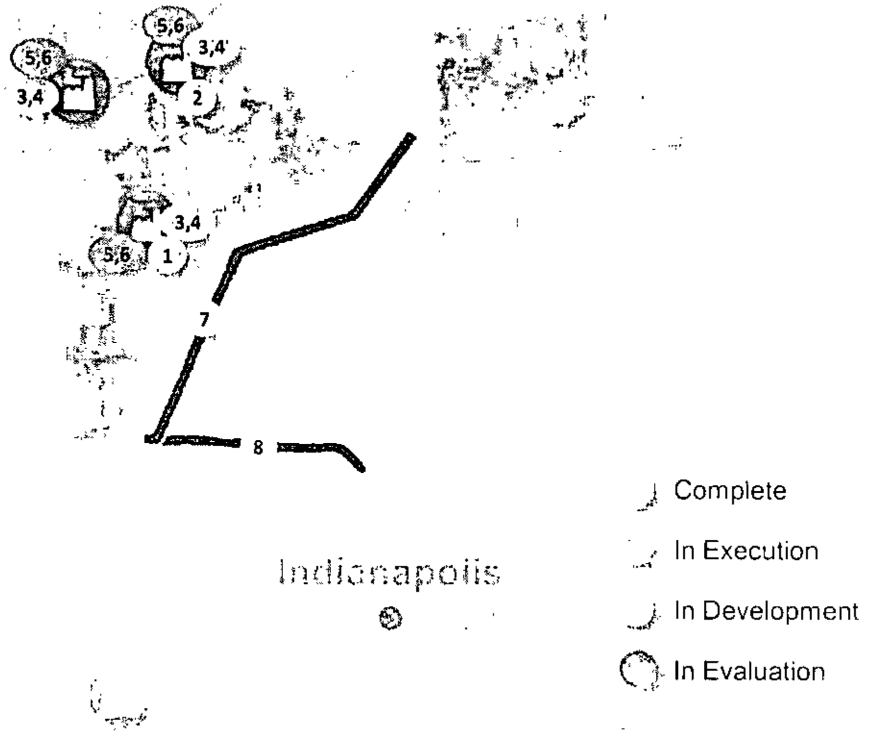


Modernize Infrastructure ($3B - $4B Opportunity)

NIPSCO Electric Distribution & Transmission Modernization — **Annual Investment TBD** — **Filing: 3Q '13 Effective: 2014**
Systematic replacement of aging transmission and distribution infrastructure to improve safety, reliability and system integrity under SB 560. Currently developing 7-year infrastructure replacement plan to be filed 3Q 2013

Enhance Transmission System ($500M - $1.0B Opportunity)

7 **Reynolds-Topeka** $250M - $300M **Later part of Decade**
MISO MVP: FERC approved 345Kv transmission project from Reynolds Substation to Hiple Substation (100 miles) – final route not determined

8 **Transmission Project II** $300M - 400M (NI: $150M – $200M) **Later part of Decade**
MISO MVP – partnership: FERC approved 765Kv transmission project from Reynolds Substation to Greentown Substation (66 miles) – final route not determined

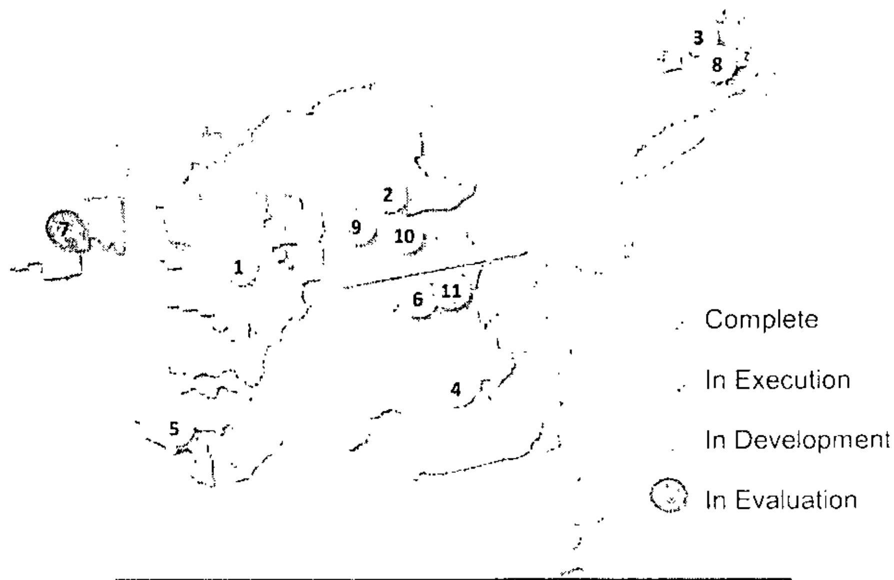
NiSource

NGD Infrastructure Investment Update

Modernize Infrastructure ($10B+ Opportunity)

Annual Investment

1	**Columbia Gas of Ohio**	**$150M - $200M**	**20+ Years**
	Tracked: Execution of established Infrastructure Replacement Program; annual tracker filings with 5-year program renewal (next renewal 2018)		
2	**Columbia Gas of Pennsylvania**	**$100M - $150M**	**20+ Years**
	Rate Case/Tracked: Execution of established Infrastructure Replacement Program; recovery utilizes forward test year rate case filings supplemented by periodic DSIC filings under Act 11		
3	**Columbia Gas of Massachusetts**	**$25M - $50M**	**20+ Years**
	Tracked: Execution of established Infrastructure Replacement Program; annual tracker filings, program approved in 2009 and expanded in 2012 rate case		
4	**Columbia Gas of Virginia**	**$20M - $35M**	**20+ Years**
	Tracked: Execution of established Infrastructure Replacement Program; annual tracker filings with 5-year program renewal (next renewal 2017) Amended filing expands eligible facilities and provides more annual flexibility		
5	**Columbia Gas of Kentucky**	**$10M - $15M**	**20+ Years**
	Tracked: Execution of established Infrastructure Replacement Program with annual tracker filings		
6	**Columbia Gas of Maryland**	**$5M - $10M**	**20+ Years**
	Rate Case/Tracked: Execution of established Infrastructure Replacement Program; rate case filings with make whole filings for up to three subsequent years		
7	**NIPSCO – Gas**	**TBD**	**TBD**
	Relatively modern gas system; under SB 560, opportunity exists to replace aging infrastructure (to improve reliability and system integrity) and to expand into rural areas		



Current Regulatory Activity

8	**Columbia Gas of Massachusetts – Rate Case**	**Requested Increase: $30 M**	**Filed: 4/16/13 Effective: 1Q/2014**
	Filing supports CMA's continued effort to modernize pipeline infrastructure and transform its operations to serve customers safely, reliably and cost-effectively.		
9	**Columbia Gas of Pennsylvania – Rate Case**	**Requested Increase: $77M**	**Filed: 9/2012 Effective: 3Q/2013**
	First rate case filed under Act 11 legislation; case supports ongoing infrastructure program with forward test year ending 2Q/2014. Reached a unanimous $55M settlement which was filed with the PUC March 15, 2013. Pending PUC action.		
10	**Columbia Gas of Pennsylvania – DSIC Filing**	**Approved ~$0.7M/Qtr**	**Filed: 1/2013 Effective: 4/1/2013**
	First Distribution System Improvement Charge (DSIC) approved by PUC 3/14/2013. Captures infrastructure investments from late 2012/early 2013.		
11	**Columbia Gas of Maryland – Rate Case**	**Requested Increase: $5M**	**Filed: 2/2013 Effective: 3Q/2013**

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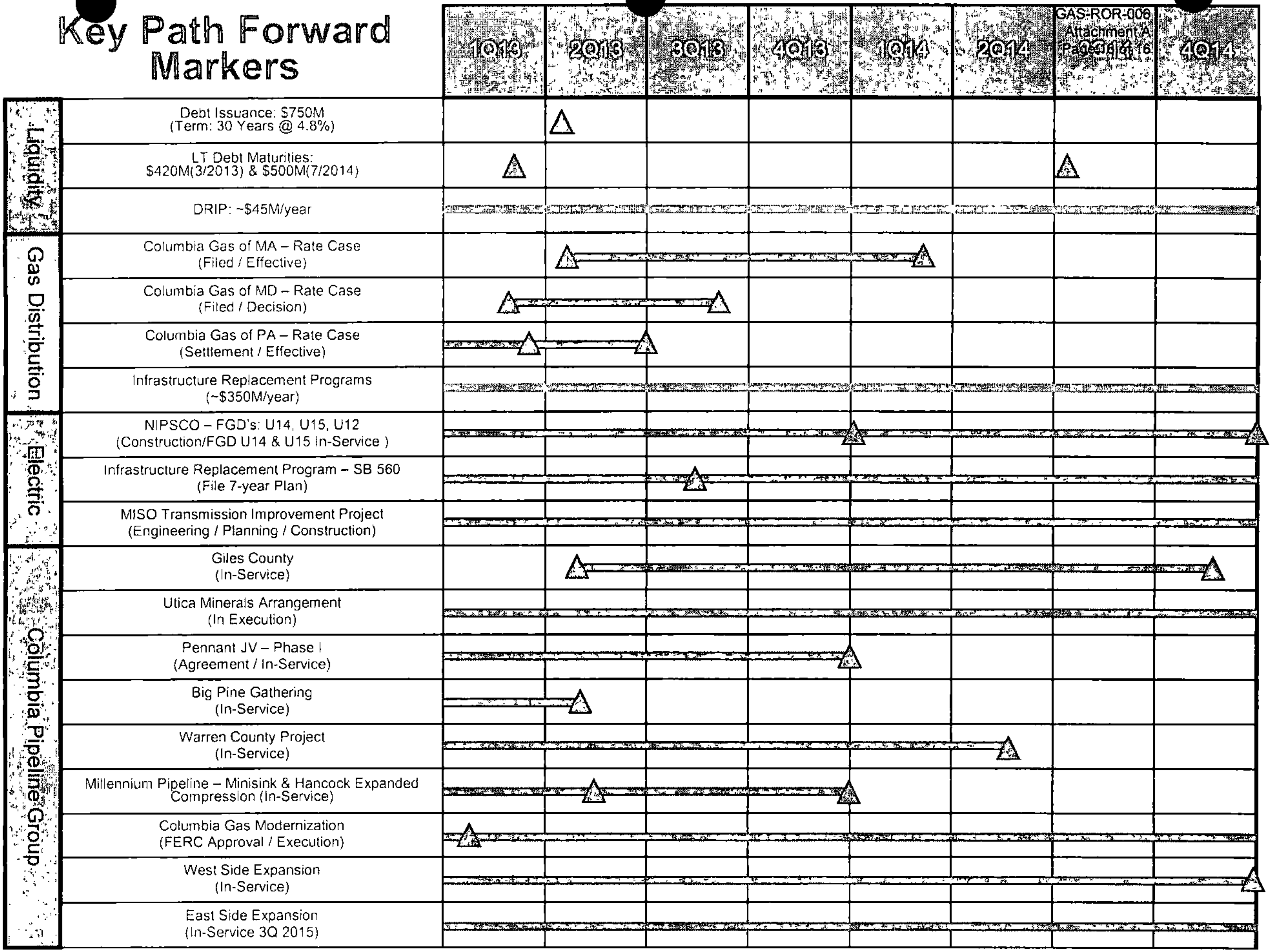
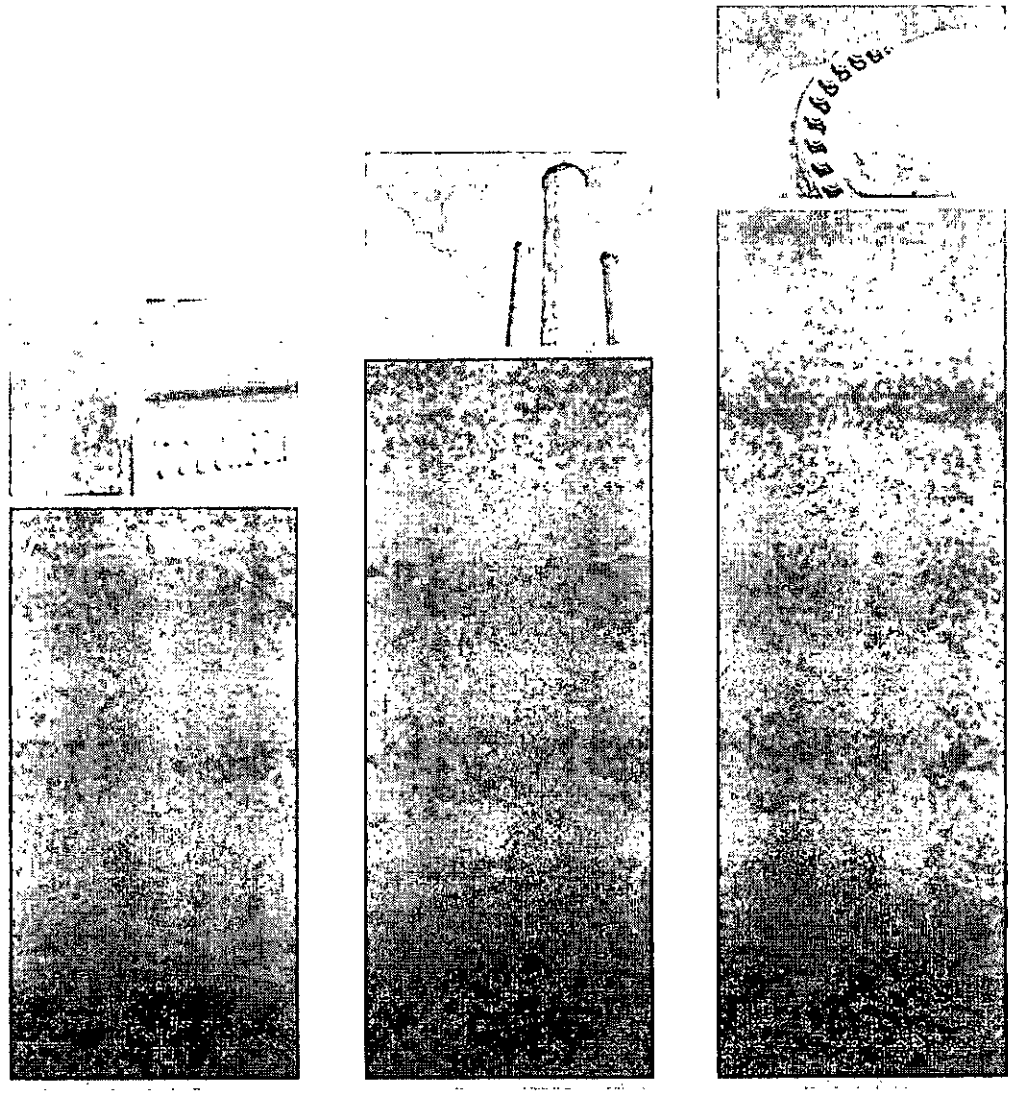
Key Path Forward Markers



Supplemental Slides

Second Quarter 2013 Earnings
July 31, 2013

NiSource®



Forward-Looking Statements

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With regard to Net Operating Earnings Guidance for 2013 – it should be noted that there will likely be differences between net operating earnings and GAAP earnings for matters including, but not limited to, weather, and other factors. NiSource is not able to estimate the impact of such items on GAAP earnings and, as such, is not providing earnings guidance on a GAAP basis.

Key Takeaways – Second Quarter 2013

Continued Execution of NiSource's Infrastructure Investment Strategy

- Results in line with expectations and 2013 earnings guidance
- Capital investment program enhanced to nearly $2 billion for 2013
- New rates in effect in Pennsylvania; rate cases on schedule in Kentucky, Maryland and Massachusetts
- Pipeline modernization projects moving ahead; tracker filing scheduled for late 2013
- NIPSCO files seven-year, $1+ billion electric infrastructure modernization plan

Building Long-Term, Sustainable Growth

Second Quarter 2013 Financial Highlights

Financial Results in Line with 2013 Earnings Guidance

Non-GAAP**	Q2 2013*	Q2 2012*	Change*
Net Operating Earnings from Continuing Operations	$72.8	$64.4	$8.4
Net Operating Earnings Per Share	$0.23	$0.22	$0.01
Operating Earnings	$194.7	$198.5	($3.8)

GAAP	Q2 2013*	Q2 2012*	Change*
Income from Continuing Operations	$72.1	$68.3	$3.8
Earnings Per Share	$0.23	$0.25	($0.02)
Operating Income	$193.5	$205.0	($11.5)

Results Reflect 24M Added Shares from Sept. 2012 Forward Sale Equity Issuance

* *All Results Listed In Millions, Except for EPS;*
** *For a Reconciliation to GAAP, See Schedule 1 of the Company's July 31, 2013 Earnings Release*

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Second Quarter 2013 Financing Highlights

Solid Liquidity & Financial Profile

- Solid liquidity position - $1.4B as of June 30, 2013
- Ongoing financial strength supported by:
  - Lower borrowing costs and extended debt maturity profile
  - Sale of retail services business ($120M proceeds)
  - 50% bonus depreciation extension
- Total debt to capitalization 58.6% as of June 30, 2013

Well-Positioned to Support Robust Investment Program

Columbia Pipeline Group – Second Quarter 2013

A Diverse Mix of Value-Adding Infrastructure Investment Investments

- Operating earnings $88.8M in Q2 2013 vs. $91.6M in Q2 2012*
- Big Pine Gathering System commenced service with XTO Energy; PennEnergy long-term gathering agreement in place for later this year

Looking Ahead:

Project	Key Components	Status
Pipeline Modernization	• 5-year initial settlement term • $1.5B investment during initial settlement term • $100M annual maintenance investment • Part of $4B - $5B program	• Projects initiated • 2013 modernization investment level on track • Tracker filing by year-end 2013; recovery projected to begin in February 2014
End-Use Customer Boiler Conversion (Giles County, Va.)	• System extension to convert large end-user's coal boiler to natural gas • ~$25M Columbia Transmission investment • ~$15M Columbia Gas of Virginia investment	• Projected in service Q4 2014
Millennium Pipeline *NiSource: 47.5 percent interest*	• Two additional compression projects adding nearly 30,000 horsepower and additional capacity • ~$90M investment (gross) for both projects	• Minisink placed into service • Hancock projected in-service Q4 2013
Pennant Midstream, LLC Hickory Bend Gathering System *50/50 Joint Venture with Hilcorp*	• Gathering and processing facilities serving Utica Shale region • 600 million cubic feet/day gathering; 200 million cubic feet/day processing • ~$300M initial joint venture investment (gross)	• Project on schedule and on budget • Initial gathering service underway • Majority of project in-service 2H 2013
LNG Facility Upgrade (Chesapeake, Va.)	• Three-phase upgrade/modernization of existing peaking facility to serve recently extended customer agreements • ~$30 million investment over three years	• First phase in service by year-end 2013

Modernization Program Provides Long-Term Stakeholder Benefits

* Non-GAAP. For a Reconciliation to GAAP, See Schedule 2 of the Company's July 31, 2013 Earnings Release

NiSource

Electric Operations – Second Quarter 2013

Seven-Year Modernization Plan Supports Long-Term Infrastructure Investments

- Operating earnings $58.6M in Q2 2013 vs. $59.7M in Q2 2012*
- First utility in Indiana to file seven-year infrastructure modernization plan with IURC
- Environmental, transmission and automated meter reader investments on schedule and on budget

Looking Ahead:

Highlight	Key Components	Status
Electric system modernization program	• Seven-year plan filed with the IURC (enabled by SB560 approved earlier this year) • ~$1B investment focused on replacing poles, transformers and other related equipment	• Filed with IURC on July 19, 2013 • Investments scheduled to begin in 2014
Electric Generating Plant Environmental Investments	• $800M+ in total environmental investments • Schahfer Flue Gas Desulfurization (FGD) investments: Units 14 & 15 • Michigan City FGD: Unit 12 • Enhanced mercury and particulate controls	• Schahfer construction on schedule, on budget • Michigan City FGD approved: planning, engineering and preliminary construction in progress
Electric Transmission System Enhancement – Reynolds to Topeka Project	• 100-mile, 345-KV transmission project • $250M-$300M investment • Projected in-service latter part of decade	• Second round of public outreach meetings completed in July 2013 • Final route selection underway
Electric Transmission System Enhancement – Reynolds to Greentown *(Joint Project)*	• 66-mile, 765-KV transmission project • $300M-$400M investment (NIPSCO portion $150M - $200M) • Projected in-service latter part of decade	• Preliminary planning in progress

Continued Focus on Customer Service, Reliability and Environmental Initiatives

** Non-GAAP. For a Reconciliation to GAAP, See Schedule 2 of the Company's July 31, 2013 Earnings Release*

NiSource®

NiSource Gas Distribution – Second Quarter 2013

~$10B Inventory of Long-Term Infrastructure Investments

- Operating earnings $51.8M in Q2 2013 vs. $51.1M in Q2 2012*
- New rates in effect in Pennsylvania starting July 1 ($55M annual revenue increase)
- Capital investment program increased to $750M across NGD for 2013
- Virginia SAVE program approval to increase annual infrastructure investment from $20M to $25M

Looking Ahead

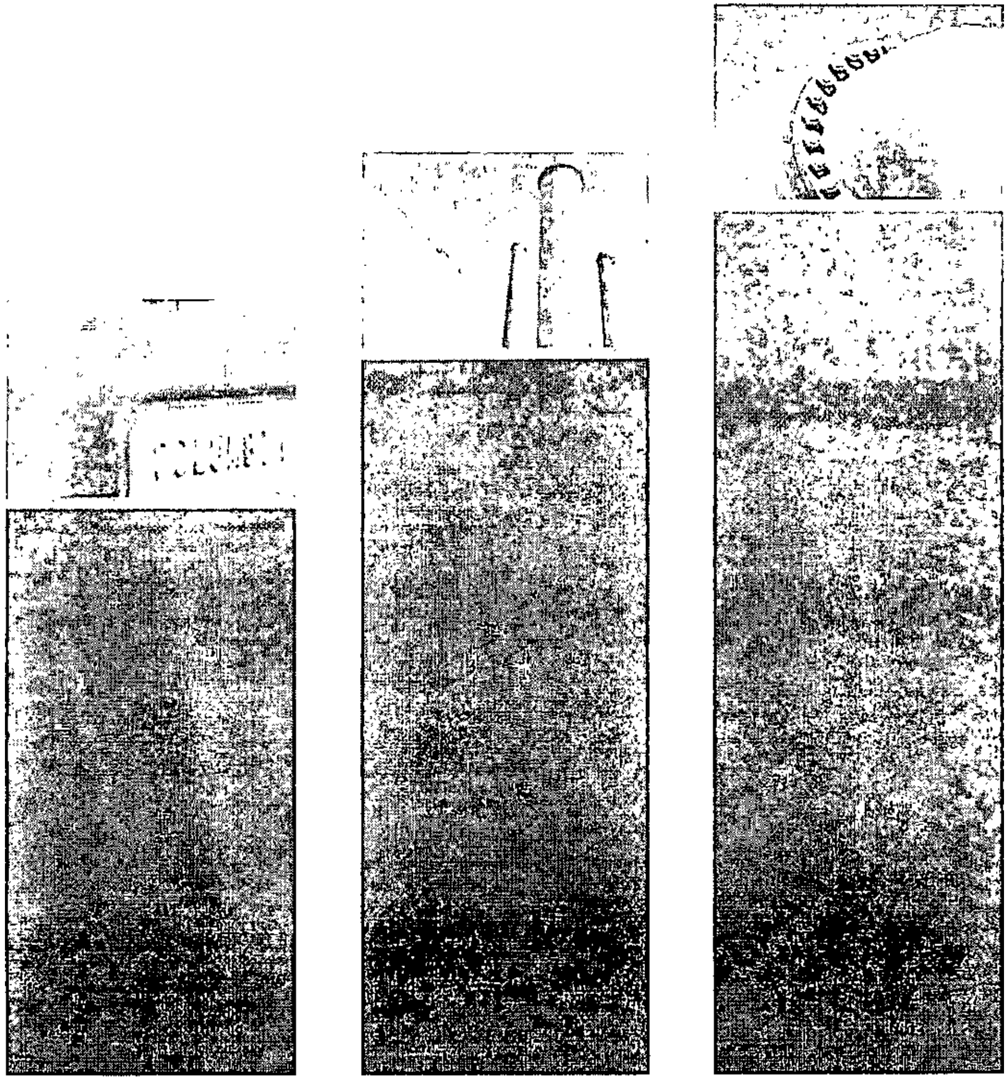
Highlight	Key Components	Status
Columbia Gas of Kentucky Base Rate Case	• Filed May 29, 2013 • Requested revenue increase of ~$16.6M • Updated rate design including a revenue normalization adjustment and support for timely recovery of infrastructure investments	• A decision with rates in effect projected for Jan. 1, 2014
Columbia Gas of Maryland Base Rate Case	• Filed Feb. 27, 2013 • Requested increase of ~$5 million • Updated rate design including higher fixed monthly charge and recovery of infrastructure modernization investments	• A decision with rates in effect projected for Sept. 25, 2013
Columbia Gas of Massachusetts Base Rate Case	• Filed April 16, 2013 • Requested revenue increase of ~$30M • Supports expanded infrastructure plans with timely investment recovery	• A decision with rates in effect projected for March 1, 2014
NIPSCO Gas Rate Settlement Extension	• Filed June 18, 2013 • Unanimous agreement filed with the IURC to extend NIPSCO's 2010 customer rate settlement	• Decision expected by year-end 2013

Long-Term Infrastructure Investments, Customer Programs & Regulatory Initiatives

* *Non-GAAP. For a Reconciliation to GAAP, See Schedule 2 of the Company's July 31, 2013 Earnings Release*

Appendix

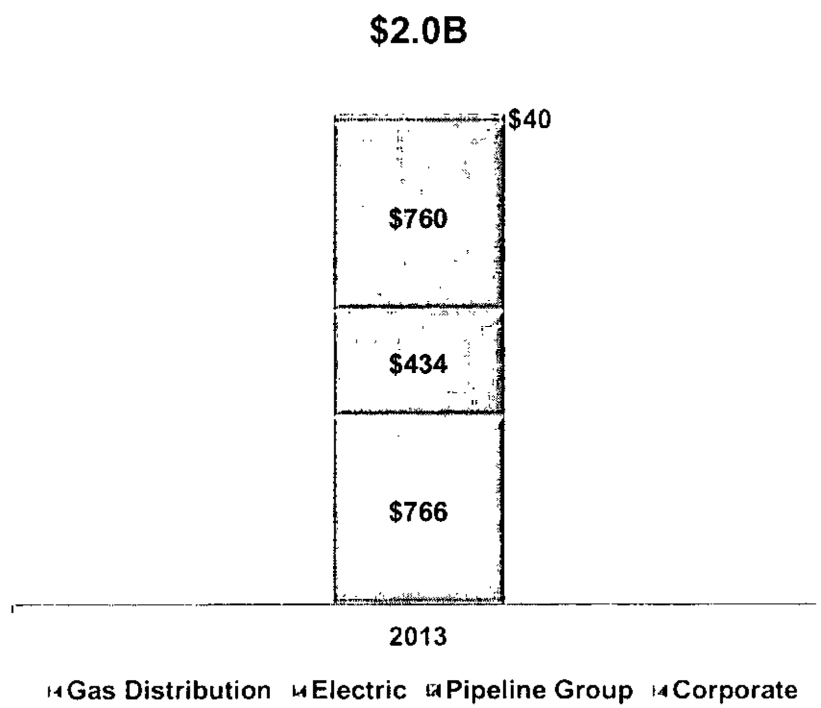
Second Quarter 2013 Earnings
July 31, 2013



NiSource®

Capital Expenditures ($M)

2013 Forecasted CapEx



2013 Growth & Tracker ~$1,480M (74%) and Age & Condition ~$520M (26%)

Capitalization ($M)

Total Debt to Capitalization 58.6% as of 6/30/13

	Actual 6/30/2013			Actual 12/31/2012		
	Debt	Equity	Total	Debt	Equity	Total
Long-Term Debt	$ 7,616.7	$ -	$ 7,616.7	$ 6,819.1	$ -	$ 6,819.1
Short-Term Debt	117.6	-	117.6	543.6	-	543.6
Sale of A/R	260.1	-	260.1	233.3	-	233.3
Current Maturities	70.7	-	70.7	507.2	-	507.2
Common Equity	-	5,702.7	5,702.7	-	5,554.3	5,554.3
Total Capitalization Per Balance Sheet	**$ 8,065.1**	**$ 5,702.7**	**$13,767.8**	**$ 8,103.2**	**$ 5,554.3**	**$13,657.5**
% of Capitalization Per Balance Sheet	**58.6%**	**41.4%**	**100.0%**	**59.3%**	**40.7%**	**100.0%**

Current Liquidity ($M)

	Actual 6/30/13	Maturity
Committed Credit Facility	$ 1,500	May 2017
Less:		
Drawn on Credit Facility	-	
Commercial Paper	(118)	
Letters of Credit	(21)	
Add:		
Cash & Equivalents	45	
Net Available Liquidity	**$ 1,406**	

NiSource®

CPG Regulated Pipeline & Storage Growth Update

M Marketing **$3B-$4B Opportunity**

1. **Millennium** ~$90M (NI: $45M) 2Q & 4Q '13
Marcellus: Deliver Marcellus supplies to multiple markets with expanded compression at Minisink (+150 MMcf/Day) and Hancock (+175 MMcf/Day)

2. **Virginia LNG Facility** ~$30M Phase 1: 4Q '13; Phases 2 & 3: '14 - '15
Facility Upgrade: Multi-phased project over three years to upgrade and maintain service to existing customers. (120 MMcf/Day)

3. **Warren County** ~$36M 2Q '14
Gas Generation: Expansion to serve Virginia Power's new 1,300 MW plant (250 MMcf/Day)

4. **West Side Expansion** ~$200M 4Q '14
Marcellus: Transport supply to growing Southeast Markets (~500 MMcf/Day) with limited interim service currently being provided.

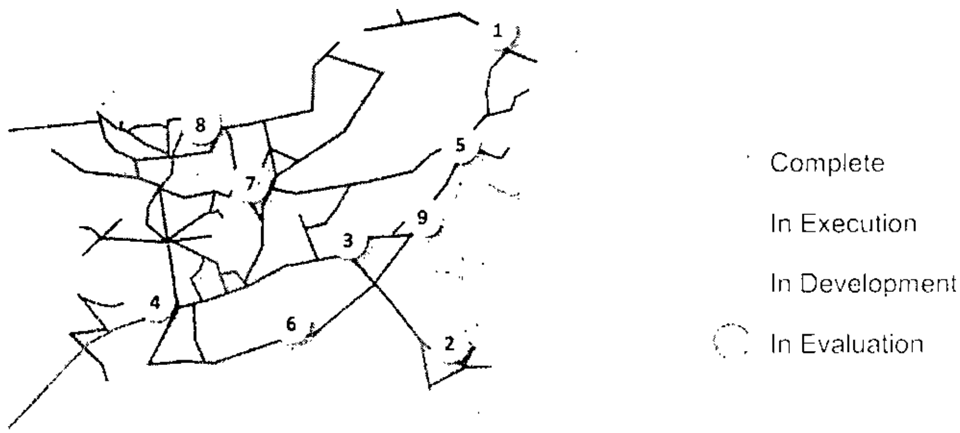
5. **East Side Expansion** ~$210M 3Q '15
Marcellus: Connect northern Marcellus supplies to Northeast and Mid-Atlantic Markets (~300 MMcf/Day)

6. **Giles County** ~$40M (CPG $25M - CGV $15M) 4Q '14
Gas Conversion: Pipeline extension to serve coal-to-natural gas boiler conversion (~45 MMcf/Day)

7. **Line 1570** ~$20M 4Q '14
Marcellus: Increased takeaway capacity (~100 MMcf/Day)

8. **Quick Link** ~$300M 2Q '16
Utica: ~90 Miles of processed gas transportation in East Ohio (~500 MMcf/Day)

9. **LNG Exports** ~$200M - +$1B 2017+
Marcellus/Utica: Aggregate and deliver supplies to LNG export terminals on Atlantic and Gulf Coasts (400 MMcf/Day to 1.6 Bcf/Day)



M Modernization **$4B-$5B Opportunity**

Columbia Gas Modernization $300M/Yr 1Q '13

FERC approved (1/2013) - 5 Year settlement agreement (with potential extension provisions) to begin a systematic infrastructure replacement program. Program started in 2013...first year tracker filing expected in late 2013 for February 2014 recovery.

NiSource

CPG Midstream & Minerals Growth Update

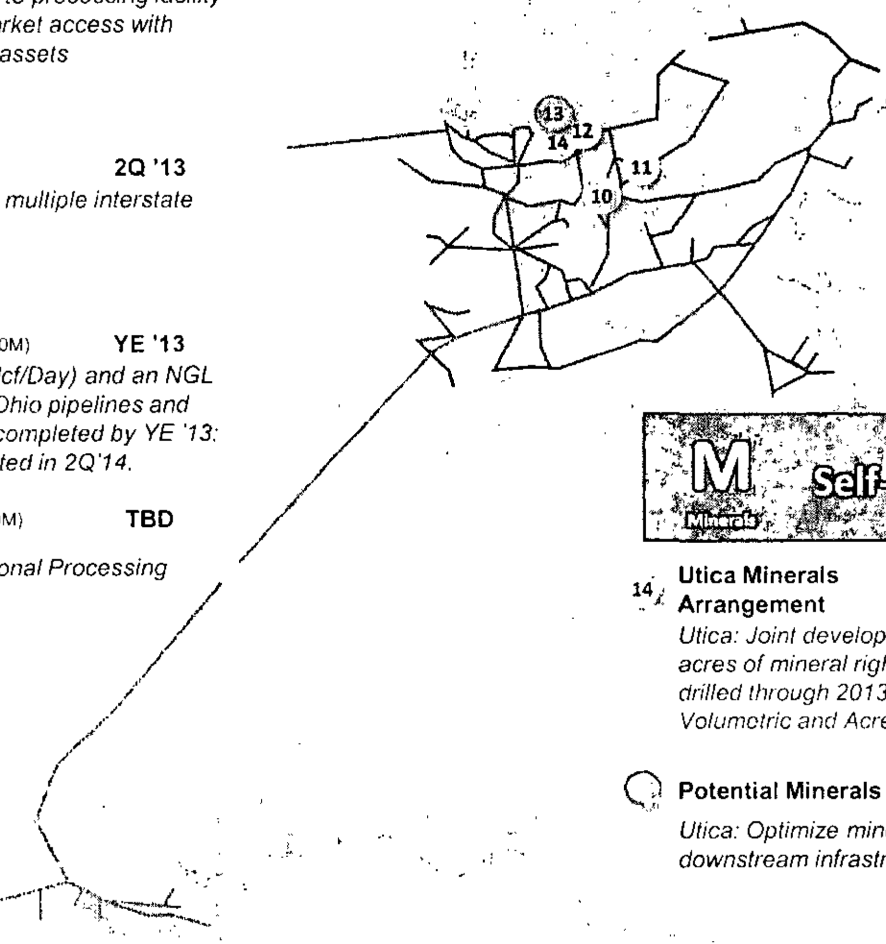
M Midstream — $1B-$1.5B Opportunity

10 **Majorsville** ~$85M 3Q '10
Marcellus: Gather wet Marcellus gas to processing facility and provide downstream pipeline market access with additional pipeline and compression assets (325 MMcf/Day)

11 **Big Pine Gathering** ~$160M 2Q '13
Marcellus: ~70 Miles of Pipeline with multiple interstate connections (425 MMcf/Day)

12 **Pennant JV – Hickory Bend Gathering** ~$300M (NI = $150M) YE '13
Utica: ~50 Miles of Pipeline (600 MMcf/Day) and an NGL processing facility (200 MMcf/Day); Ohio pipelines and NGL processing facility slated to be completed by YE '13; Pennsylvania pipelines to be completed in 2Q'14.

13 **Pennant JV Phase II** ~$300M (NI = $150M) TBD
Utica: Pipeline Extension and Additional Processing



Complete
In Execution
In Development
In Evaluation

M Minerals — Self-Funded Investment

14 **Utica Minerals Arrangement** Drilling Started 2H '12
Utica: Joint development with Hilcorp to extract value of ~120k acres of mineral rights – test and delineations wells being drilled through 2013. Full development expected to start 2014. Volumetric and Acreage dedicated to Pennant JV

Potential Minerals Opportunities Under Evaluation
Utica: Optimize minerals position in shale region to leverage downstream infrastructure opportunities

NiSource

Electric Operations Infrastructure Investment Update

Upgrade Generation Fleet ($700M - $1.4B Opportunity)

1 **U14/15 FGDs** ~$500M YE'13/YE'14
Environmental: ECRM (Environmental Cost Recovery Mechanism) Tracked FGD (Flue Gas Desulfurization) facilities at Schahfer Generating Station

2 **U12 FGD** ~$250M YE'15
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6 **Coal Ash Improvements** $100M - $300M TBD
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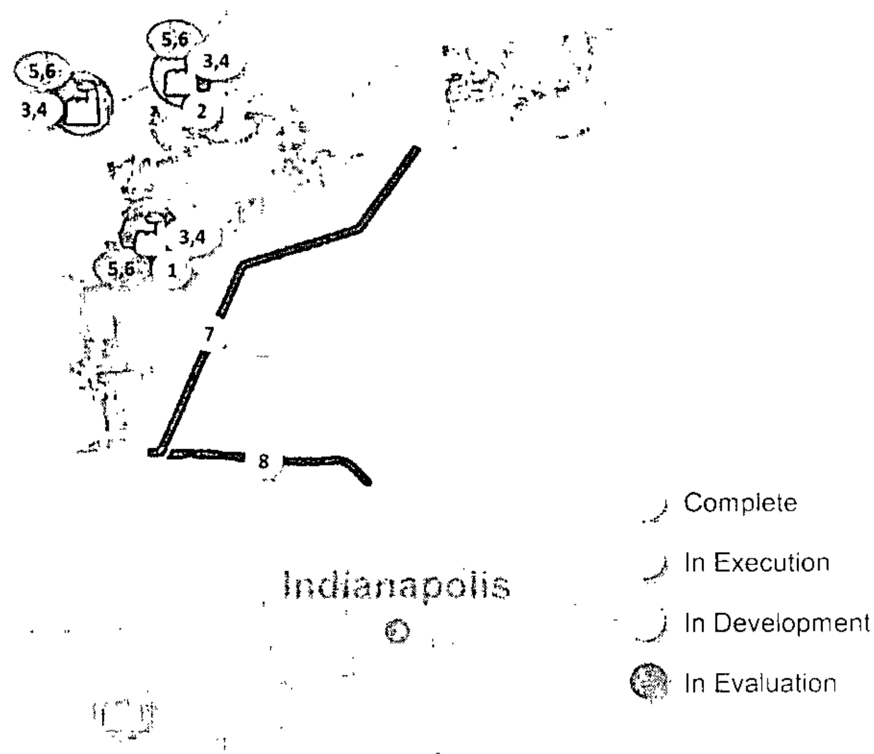
Systematic replacement of aging transmission and distribution infrastructure to improve safety, reliability and system integrity under SB 560. NIPSCO filed its 7-year, ~$1B electric infrastructure replacement plan, which is expected to be approved and implemented early 2014.



Enhance Transmission System ($500M - $1.0B Opportunity)

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MISO MVP: FERC approved 345Kv transmission project from Reynolds Substation to Hiple Substation (100 miles) – route determination underway

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MISO MVP – partnership: FERC approved 765Kv transmission project from Reynolds Substation to Greentown Substation (66 miles) – final route not determined

NiSource

NGD Infrastructure Investment Update

Modernize Infrastructure ($10B+ Opportunity)

		Annual Investment	
1	**Columbia Gas of Ohio**	**$150M - $200M**	**20+ Years**

Tracked: Execution of established Infrastructure Replacement Program; annual tracker filings with 5-year program renewal (next renewal 2018)

2	**Columbia Gas of Pennsylvania**	**$100M - $150M**	**20+ Years**

Rate Case/Tracked: Execution of established Infrastructure Replacement Program; recovery utilizes forward test year rate case filings supplemented by periodic DSIC filings under Act 11

3	**Columbia Gas of Massachusetts**	**$25M - $50M**	**20+ Years**

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4	**Columbia Gas of Virginia**	**$20M - $35M**	**20+ Years**

Tracked: Execution of established Infrastructure Replacement Program; annual tracker filings with 5-year program renewal (next renewal 2017); Amended filing, approved 7/3/13, increases annual investment, expands eligible facilities and provides more annual flexibility

5	**Columbia Gas of Kentucky**	**$10M - $15M**	**20+ Years**

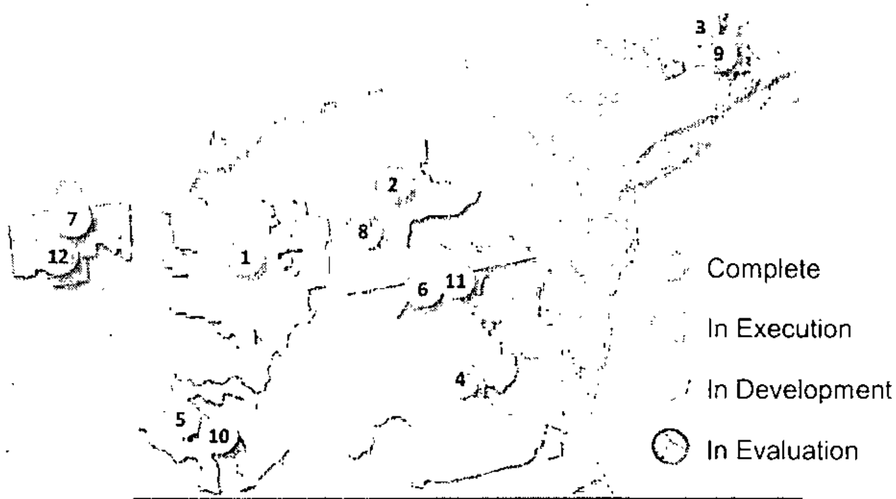
Tracked: Execution of established Infrastructure Replacement Program with annual tracker filings

6	**Columbia Gas of Maryland**	**$5M - $10M**	**20+ Years**

Rate Case/Tracked: Execution of established Infrastructure Replacement Program; rate case filings with make whole filings for up to three subsequent years

7	**NIPSCO – Gas**	**TBD**	**Filing: YE '13 Effective: 2014**

NIPSCO is preparing to file a 7-year gas infrastructure plan to replace aging infrastructure that will improve reliability and system integrity. The filing will also contain plans to expand natural gas service into rural areas of Indiana.



Current Regulatory Activity

8	**Columbia Gas of Pennsylvania – Rate Case**	**Approved Increase: $55M**	**Approved: 2Q '12 Effective: July '13**

First rate case filed under Act 11 legislation; reached a unanimous $55M settlement which was approved on 5/23/2013 and implemented on 7/1/2013.

9	**Columbia Gas of Massachusetts – Rate Case**	**Requested Increase: $30M**	**Filed: 2Q '13 Effective: 1Q '14**

Filing supports CMA's continued effort to modernize pipeline infrastructure and transform its operations to serve customers safely, reliably and cost-effectively.

10	**Columbia Gas of Kentucky– Rate Case**	**Requested Increase: $17M**	**Filed: 2Q '13 Effective: Jan. '14**

Filing supports CKY's continued infrastructure modernization program by transitioning to a forecasted test period, the filing also seeks improvements to rate design.

11	**Columbia Gas of Maryland – Rate Case**	**Requested Increase: $5M**	**Filed: 1Q '13 Effective: 3Q '13**

Filing supports CMD's infrastructure modernization and pipeline safety, revenue stabilization and environmental remediation.

12	***NIPSCO - Gas***	**Settlement Extension**	**Filed: 2Q '13 Decision: YE 2013**

NIPSCO filed a unanimous agreement with customer stakeholders to extend the 2010 customer rate settlement through 2020.

NiSource

Key Path Forward Markers

		1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14	4Q14
Liquidity	LT Debt Issuance of $750M (Term: 30 Years @ 4.8%) / LT Debt Planned Issuance (Term: TBD)								
Liquidity	LT Debt Maturities: $420M (3/2013) & $500M (7/2014)								
Liquidity	DRIP: ~$45M/year								
Gas Distribution	Columbia Gas of MA – Rate Case (Filed / Effective)								
Gas Distribution	Columbia Gas of MD – Rate Case (Filed / Effective)								
Gas Distribution	Columbia Gas of PA – Rate Case (Approved / Effective)								
Gas Distribution	Columbia Gas of KY – Rate Case (Filed / Effective)								
Gas Distribution	NIPSCO Gas – Rate Case Extension (Settlement Filed / Decision)								
Gas Distribution	NIPSCO Gas – Infrastructure Replacement – SB 560 (File 7-year Plan / Approval of 7-year Plan)								
Gas Distribution	Infrastructure Replacement Programs (~$350-$400M per year)								
Electric	NIPSCO – FGD's: U14, U15, U12 (U14 In-Service / U15 In-Service)								
Electric	Infrastructure Replacement Program – SB 560 (File 7-year Plan / Approval of 7-year Plan)								
Electric	MISO Transmission Improvement Project (Engineering / Planning / Construction)								
Columbia Pipeline Group	Giles County (In-Service)								
Columbia Pipeline Group	Utica Minerals Arrangement (In Execution)								
Columbia Pipeline Group	Pennant JV – Hickory Bend Gathering (In-Service)								
Columbia Pipeline Group	Big Pine Gathering (In-Service)								
Columbia Pipeline Group	Warren County Project (In-Service)								
Columbia Pipeline Group	Millennium Pipeline – Minisink & Hancock Expanded Compression (In-Service)								
Columbia Pipeline Group	Columbia Gas Modernization (FERC Approval / Tracker Filing / Tracker Recovery)								
Columbia Pipeline Group	West Side Expansion (In-Service)								
Columbia Pipeline Group	East Side Expansion (In-Service 3Q 2015)								
Columbia Pipeline Group	Virginia LNG Facility Upgrade (Phase 1 / Phase 2)								
Columbia Pipeline Group	Line 1570 (In-Service)								

Supplemental Slides

Third Quarter 2013 Earnings
October 31, 2013

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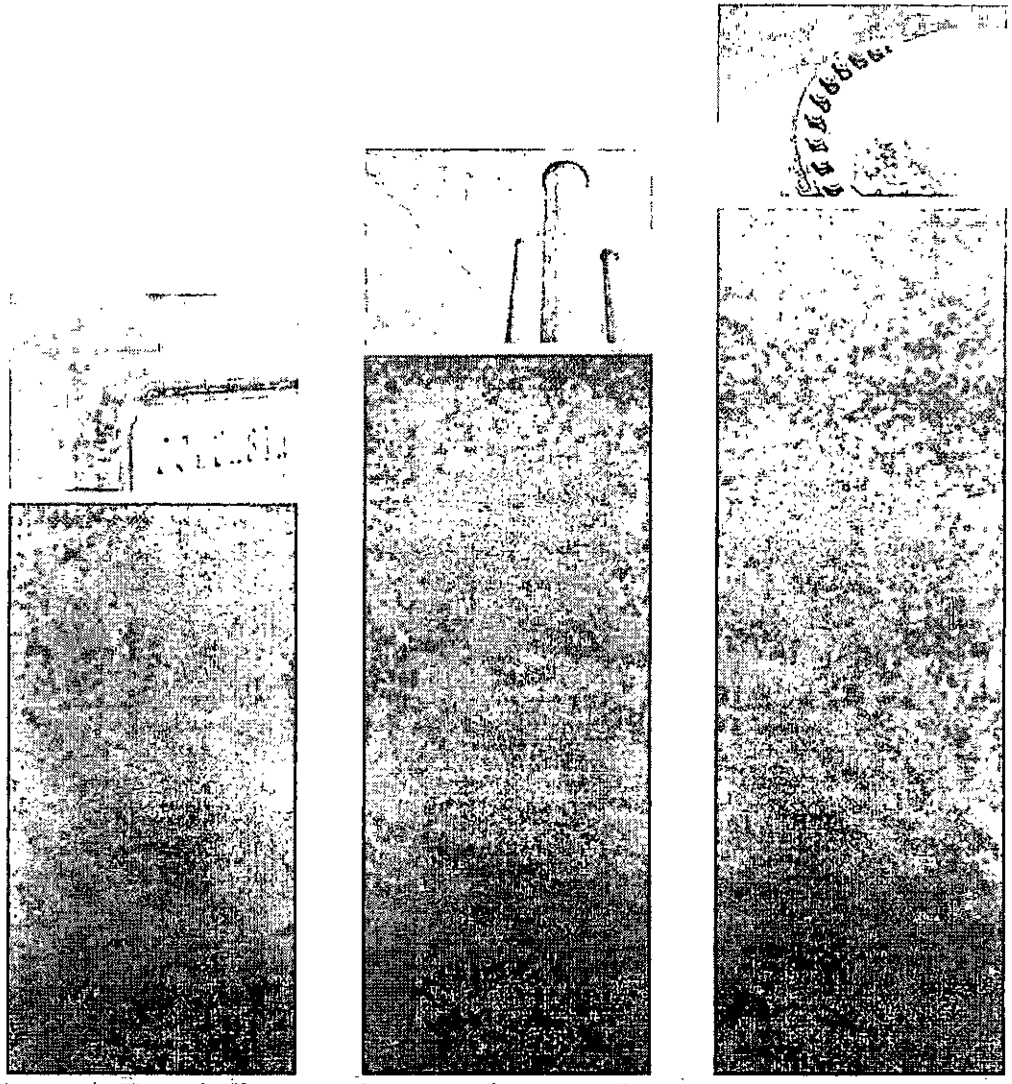

Forward-Looking Statements

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With regard to Net Operating Earnings Guidance for 2013 – it should be noted that there will likely be differences between net operating earnings and GAAP earnings for matters including, but not limited to, weather, and other factors. NiSource is not able to estimate the impact of such items on GAAP earnings and, as such, is not providing earnings guidance on a GAAP basis.

Key Takeaways – Third Quarter 2013

Continued Execution of NiSource's Infrastructure Investment Strategy

- Results in line with expectations and 2013 earnings guidance
- ~$2 billion capital program for 2013 on track
- NIPSCO files long-term, $700+ million natural gas modernization plan; extends gas settlement until 2020
- Pipeline modernization and midstream strategies advance; modernization tracker filing scheduled for late 2013; new NGL pipeline project announced
- Gas distribution infrastructure and customer/regulatory programs on track; rate cases on schedule in Kentucky and Massachusetts

Building Long-Term, Sustainable Growth

Third Quarter 2013 Financial Highlights

Financial Results in Line with 2013 Earnings Guidance

Non-GAAP**	Q3 2013*	Q3 2012*	Change*
Net Operating Earnings from Continuing Operations	$57.1	$12.2	$44.9
Net Operating Earnings Per Share	$0.18	$0.04	$0.14
Operating Earnings	$183.7	$124.2	$59.5

GAAP	Q3 2013*	Q3 2012*	Change*
Income from Continuing Operations	$49.5	$16.6	$32.9
Earnings Per Share	$0.16	$0.05	$0.11
Operating Income	$176.4	$131.5	$44.9

* *All Results Listed In Millions, Except for EPS;*
** *For a Reconciliation to GAAP, See Schedule 1 of the Company's Oct. 31, 2013 Earnings Release*

Continued Infrastructure Development Execution

Third Quarter 2013 Financing Highlights

Solid Liquidity & Financial Profile

- Solid liquidity position - $1.38B as of Sept. 30, 2013
- Issued $500M, 30-year notes at 5.65%
- Increased revolver by $500M to $2B, extended term to Sept. 2018
- Strong liquidity position supported by:
  - Sale of retail services business ($120M proceeds)
  - 50% bonus depreciation extension
- Total debt to capitalization 59.7% as of Sept. 30, 2013

Well-Positioned to Support Robust Investment Program

Columbia Pipeline Group – Third Quarter 2013

Continued Infrastructure Development Execution

- Operating earnings $98.7M in Q3 2013 vs. $38.8M in Q3 2012*
- New $60M natural gas liquids (NGL) line supports takeaway capacity at Hickory Bend processing facility
- First year pipeline modernization program on track (~$300M)

Looking Ahead:

Project	Key Components	Status
Pipeline Modernization	• 5-year initial settlement term • $1.5B investment during initial settlement term • $100M annual maintenance investment • Part of $4B - $5B investment program	• 2013 modernization investment level on track at ~$300M • Tracker filing by year-end 2013; recovery projected to begin in February 2014
Pennant Midstream, LLC Hickory Bend Gathering System *50/50 Joint Venture with Harvest Pipeline*	• Gathering and processing facilities serving Utica Shale region • 600 million cubic feet/day gathering; 200 million cubic feet/day processing • ~$320M initial joint venture investment (NI: $160M)	• Project on schedule • Initial gathering service underway • Majority of project in-service YE 2013
Pennant Midstream, LLC NGL Pipeline *50/50 Joint Venture with Harvest Pipeline*	• 38-mile NGL pipeline in eastern Ohio connecting the Hickory Bend processing facility to the UEO Kensington facility • Initial delivery capacity projected up to 90K barrels per day • ~$60M joint venture investment (NI: $30M)	• Projected in service Q3 2014
Millennium Pipeline *NiSource: 47.5 percent interest*	• Two additional compression projects adding nearly 30,000 horsepower and additional capacity • ~$90M investment (NI: $45M) for both projects	• Hancock construction approved; projected in-service Q1 2014 • Minisink placed in service April 2013
Other In-Progress Regulated Growth Projects	• More than $550M in projects currently in flight • Additional 1BCF+ of additional capacity projected	• Complete details available in Appendix on slide 13

* *Non-GAAP. For a Reconciliation to GAAP, See Schedule 2 of the Company's Oct. 31, 2013 Earnings Release*

Modernization Program Provides Long-Term Stakeholder Benefits

Electric Operations – Third Quarter 2013

Modernization Plan Investments Provide Growth and Customer Benefits

- Operating earnings $90.5M in Q3 2013 vs. $77.8M in Q3 2012*
- $1B electric modernization program filed and under review by the IURC
- Environmental, transmission and automated meter reader investments on schedule and on budget

Looking Ahead:

Highlight	Key Components	Status
Electric system modernization program	• Seven-year plan filed with the IURC (enabled by SB560 enacted earlier this year) • ~$1B investment focused on replacing poles, transformers and other related equipment	• Filed with IURC on July 19, 2013 • Investments scheduled to begin in 2014
Electric Generating Plant Environmental Investments	• $800M+ in total environmental investments • Schahfer Flue Gas Desulfurization (FGD) investments: Units 14 & 15 • Michigan City FGD: Unit 12 • Enhanced mercury and particulate (MATS) controls	• Schahfer construction on schedule, on budget - Unit 14 to be in service by year end 2013 • Michigan City engineering & preliminary construction in progress • MATS investments approved by IURC
Electric Transmission System Enhancement – Reynolds to Topeka Project	• 100-mile, 345-KV transmission project • $250M-$300M investment • Projected in-service latter part of decade	• Final route selected • Discussions with landowners and communities along route underway
Electric Transmission System Enhancement – Reynolds to Greentown *(Joint Project)*	• 66-mile, 765-KV transmission project • $300M-$400M investment (NIPSCO portion $150M - $200M) • Projected in-service latter part of decade	• Preliminary planning in progress • First informational open houses scheduled for early 2014

* *Non-GAAP. For a Reconciliation to GAAP, See Schedule 2 of the Company's Oct. 31, 2013 Earnings Release*

A Focus on Execution, Customer Service, Reliability and the Environment

NiSource Gas Distribution – Third Quarter 2013

~$10B Inventory of Long-Term Infrastructure Investments

- Operating earnings ($0.5M) in Q3 2013 vs. $9.7M in Q3 2012*
- Maryland rate order approves $3.6M annual revenue increase
- NIPSCO gas rate case settlement extended until 2020; $700M+ natural gas modernization program filed
- Record capital investment program (~$765M) on track for 2013

Looking Ahead

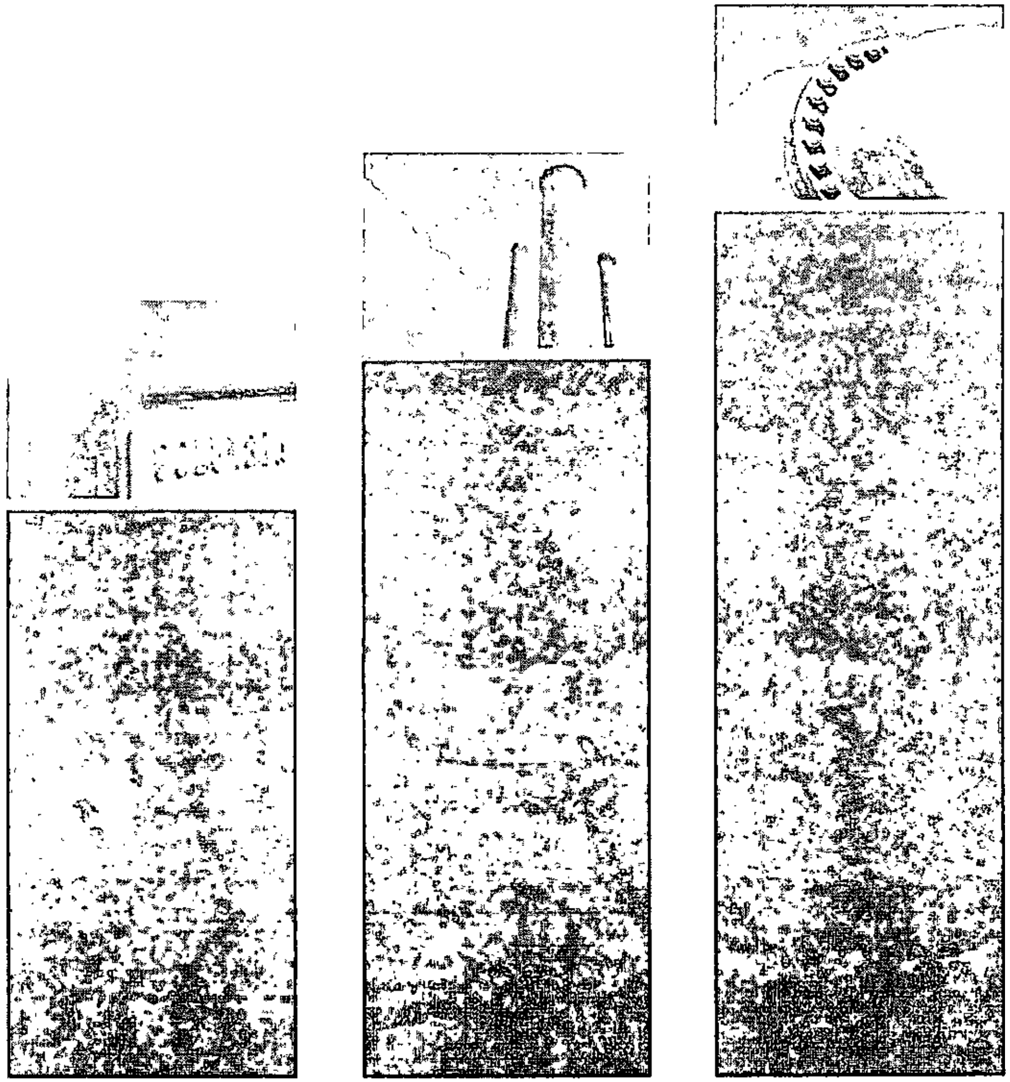
Highlight	Key Components	Status
NIPSCO natural gas system modernization program	• Seven-year plan filed with the IURC (enabled by SB560 enacted earlier this year) • ~$700M investment focused on system modernization and extensions to rural customers	• Filed with IURC on Oct. 3, 2013 • Investments scheduled to begin in 2014
Columbia Gas of Kentucky Base Rate Case	• Filed May 29, 2013 • Requested revenue increase of ~$16.6M • Updated rate design includes support for timely recovery of infrastructure investments	• Settlement discussions underway • A decision with rates in effect projected for Jan. 1, 2014
Columbia Gas of Massachusetts Base Rate Case	• Filed April 16, 2013 • Requested revenue increase of ~$30M • Supports expanded infrastructure plans with timely investment recovery	• A decision with rates in effect projected for March 1, 2014
Infrastructure Modernization	• Expanded ~$10B long-term program across service territory	• Complete program update outlined in appendix

* Non-GAAP. For a Reconciliation to GAAP, See Schedule 2 of the Company's Oct. 31, 2013 Earnings Release

Disciplined Project Execution | Increasing Customer Value | Engaging Stakeholders

Appendix

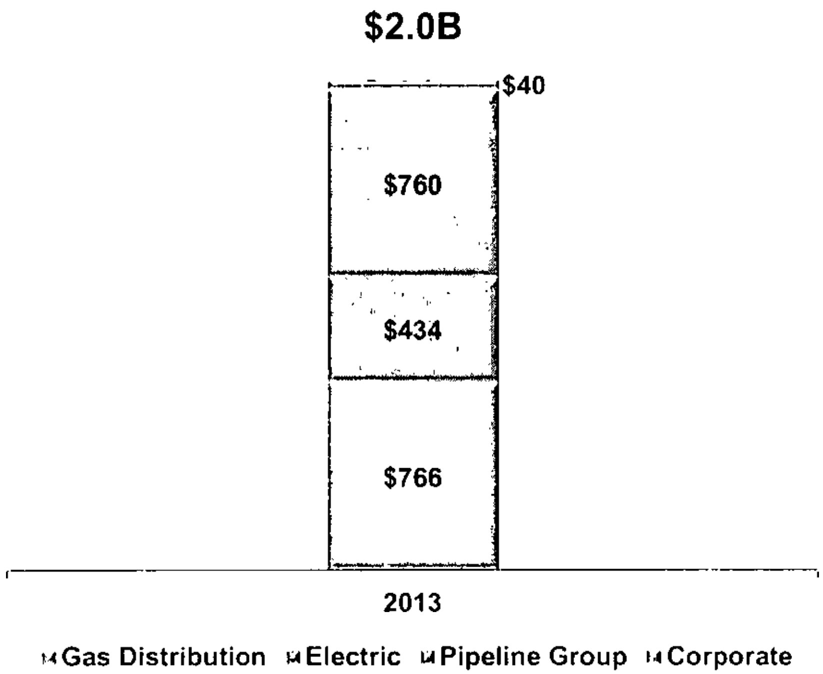
Third Quarter 2013 Earnings
October 30, 2013



NiSource®

Capital Expenditures ($M)

2013 Forecasted CapEx



2013 Growth & Tracker ~$1,480M (74%) and Age & Condition ~$520M (26%)

Capitalization ($M)

Total Debt to Capitalization 59.7% as of 9/30/13

	Actual 9/30/2013			Actual 12/31/2012		
	Debt	**Equity**	**Total**	**Debt**	**Equity**	**Total**
Long-Term Debt	$ 7,089.1	$ -	$ 7,089.1	$ 6,819.1	$ -	$ 6,819.1
Short-Term Debt	612.5	-	612.5	543.6	-	543.6
Sale of A/R	208.3	-	208.3	233.3	-	233.3
Current Maturities	541.2	-	541.2	507.2	-	507.2
Common Equity	-	5,700.9	5,700.9	-	5,554.3	5,554.3
Total Capitalization Per Balance Sheet	**$ 8,451.1**	**$ 5,700.9**	**$14,152.0**	**$ 8,103.2**	**$ 5,554.3**	**$13,657.5**
% of Capitalization Per Balance Sheet	**59.7%**	**40.3%**	**100.0%**	**59.3%**	**40.7%**	**100.0%**

Current Liquidity ($M)

	Actual 9/30/13	Maturity
Committed Credit Facility	$ 2,000	September 2018
Less:		
Drawn on Credit Facility	-	
Commercial Paper	(613)	
Letters of Credit	(21)	
Add:		
Cash & Equivalents	15	
Net Available Liquidity	**$ 1,381**	

CPG Regulated Pipeline & Storage Growth Update

M $3B-$4B Opportunity

Marketing

1 **Millennium** ~$90M (NI: $45M) 2Q '13 & 2Q '14
Marcellus: Deliver Marcellus supplies to multiple markets with expanded compression at Minisink (+150 MMcf/Day) and Hancock (+175 MMcf/Day)

2 **Virginia LNG Facility** ~$30M Phase 1: 4Q '13; Phases 2 & 3: '14 - '15
Facility Upgrade: Multi-phased project over three years to upgrade and maintain service to existing customers. (120 MMcf/Day)

3 **Warren County** ~$35M 2Q '14
Gas Generation: Expansion to serve Virginia Power's new 1,300 MW plant (250 MMcf/Day)

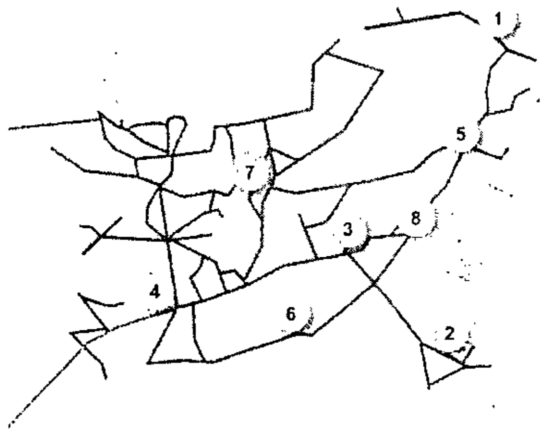
4 **West Side Expansion** ~$200M 1Q '15
Marcellus: Transport supply to growing Southeast Markets (~500 MMcf/Day) with limited interim service currently being provided.

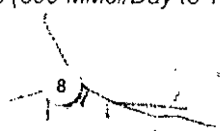
5 **East Side Expansion** ~$275M 3Q '15
Marcellus: Connect northern Marcellus supplies to Northeast and Mid-Atlantic Markets (~315 MMcf/Day)

6 **Giles County** ~$40M (CPG $25M - CGV $15M) 4Q '14
Gas Conversion: Pipeline extension to serve coal-to-natural gas boiler conversion (~45 MMcf/Day)

7 **Line 1570** ~$20M 4Q '14
Marcellus: Increased takeaway capacity (~100 MMcf/Day)

8 **LNG Exports** ~$350M - +$1B 2017+
Marcellus/Utica: Aggregate and deliver supplies to LNG export terminals on Atlantic and Gulf Coasts (800 MMcf/Day to 1.6 Bcf/Day)





Complete

In Execution

In Development

In Evaluation

M $4B-$5B Opportunity

Columbia Gas Modernization $300M/Yr 1Q '13

FERC approved (1/2013) - 5 Year settlement agreement (with potential extension provisions) to begin a systematic infrastructure replacement program. Program started in 2013…first year tracker filing expected in late 2013 for February 2014 recovery.

NiSource

CPG Midstream & Minerals Growth Update

M Midstream — $1B-$1.5B Opportunity

10 **Majorsville** ~$85M 3Q '10
Marcellus: Gather wet Marcellus gas to processing facility and provide downstream pipeline market access with additional pipeline and compression assets (325 MMcf/Day)

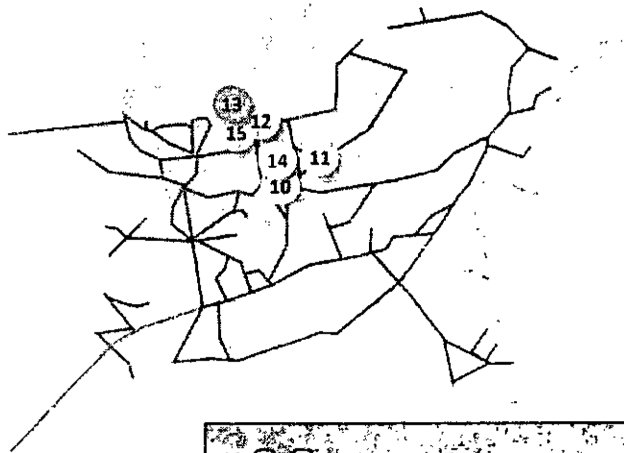
11 **Big Pine Gathering** ~$165M 2Q '13
Marcellus: ~70 Miles of Pipeline with multiple interstate connections (425 MMcf/Day)

12a **Pennant JV – Hickory Bend Gathering/Processing** ~$320M (NI: $160M) 4Q '13
Utica: ~55 Miles of Pipeline (600 MMcf/Day) and an NGL processing facility (200 MMcf/Day): Ohio pipelines and NGL processing facility slated to be completed by YE '13: Pennsylvania pipelines to be completed in 2Q'14.

12b **Pennant JV – NGL Pipeline** ~$60M (NI: $30M) 3Q '14
Utica: Pipeline development to transport NGLs from the Hickory Bend processing facility to Kensington. Initial delivery of the 38 mile natural gas liquids pipeline is expected to be ~90K barrels a day.

13 **Pennant JV – Phase II** ~$300M (NI: $150M) TBD
Utica: Pipeline Extension and Additional Processing

14 **Washington County Gathering** $100M - $150M TBD
Marcellus: Greenfield gathering system in Washington County to gather wellhead production.



Complete

In Execution

In Development

In Evaluation

M Minerals — Self-Funded Investment

15 **Utica Minerals Arrangement** Drilling Started 2H '12
Utica: Joint development with Hilcorp to extract value of ~120k acres of mineral rights – drilling started in 2013. Production volumes dedicated to Pennant JV – Hickory Bend

Potential Minerals Opportunities Under Evaluation
Utica: Optimize minerals position in shale region to leverage downstream infrastructure opportunities

NiSource

Electric Operations Infrastructure Investment Update

Upgrade Generation Fleet
($700M - $1.4B Opportunity)

1 **U14/15 FGDs** ~$500M YE'13/YE'14
Environmental: ECRM (Environmental Cost Recovery Mechanism) Tracked FGD (Flue Gas Desulfurization) facilities at Schahfer Generating Station

2 **U12 FGD** ~$250M YE'15
Environmental: ECRM Tracked FGD facilities at Michigan City Generating Station

3 **NOx Upgrades** ~$50M YE'15
Environmental: ECRM Tracked NOx upgrades and monitoring

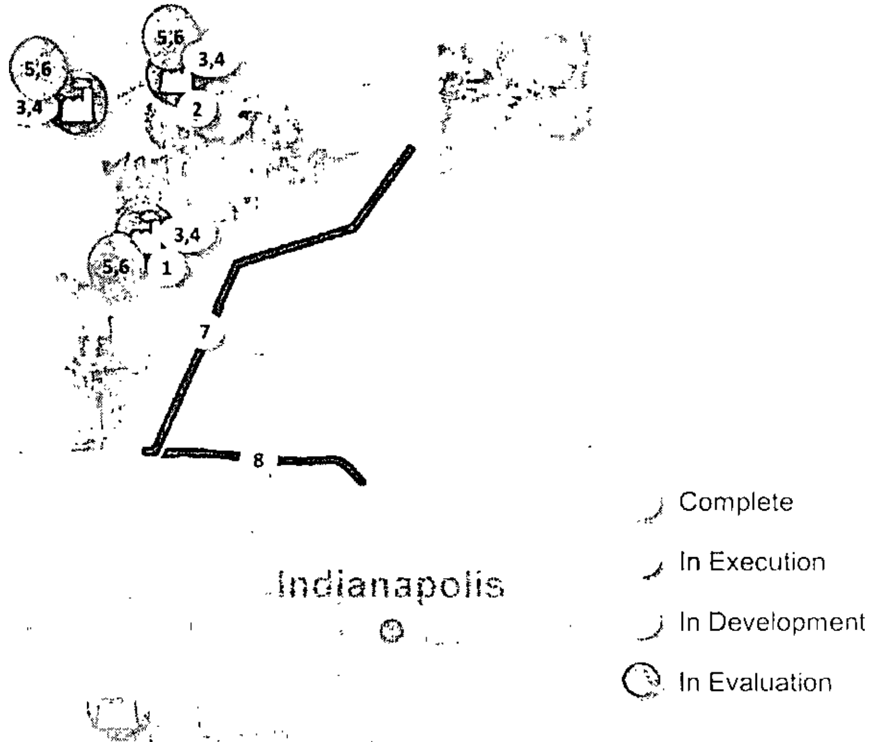
4 **MATS** ~$60M YE'13/YE'14/YE'15
Environmental: ECRM Tracked projects enhancing mercury and particulate controls at all coal plants

5 **Water Treatment** $25M - $130M YE'17/YE'18
Environmental: SB 251 Tracked projects enhancing wastewater treatment at all coal plants and water intake modifications at Bailly Station

6 **Coal Ash Improvements** $100M - $300M TBD
Environmental: SB 251 Tracked projects upgrading ash handling and disposal at all coal plants

Modernize Infrastructure
($3B - $4B Opportunity)

NIPSCO Electric Distribution & Transmission Modernization — **7-Year Investment ~$1.0B** — **Filed: 3Q '13 Effective: 2014**
Systematic replacement of aging transmission and distribution infrastructure to improve safety, reliability and system integrity under SB 560. NIPSCO filed its 7-year, ~$1B electric infrastructure replacement plan, which is expected to be approved and implemented early 2014.

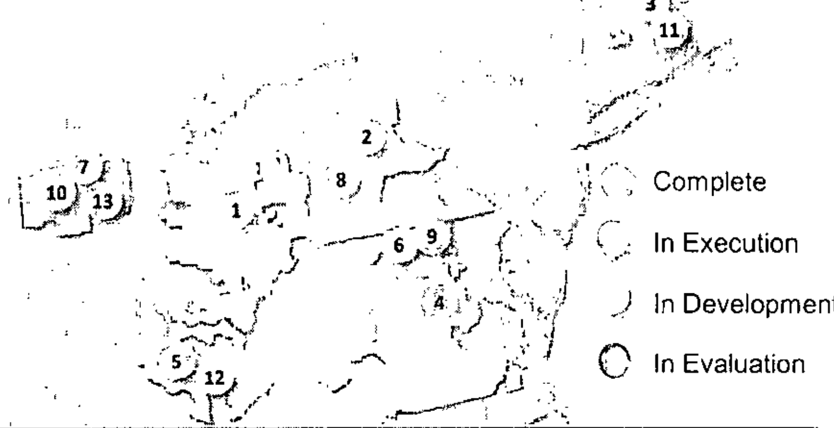


Enhance Transmission System
($500M - $1.0B Opportunity)

7 **Reynolds-Topeka** $250M - $300M **Later part of Decade**
MISO MVP: FERC approved 345Kv transmission project from Reynolds Substation to Hiple Substation (100 miles) – route determination complete – environmental survey underway.

8 **Greentown-Reynolds** $300M - 400M (NI: $150M – $200M) **Later part of Decade**
MISO MVP – partnership: FERC approved 765Kv transmission project from Reynolds Substation to Greentown Substation (66 miles) – final route not determined

NGD Infrastructure Investment Update



Modernize Infrastructure ($10B+ Opportunity)

Annual Investment

1	**Columbia Gas of Ohio**	**$150M - $200M**	**20+ Years**
	Tracked: Execution of established Infrastructure Replacement Program; annual tracker filings with 5-year program renewal (next renewal 2018)		
2	**Columbia Gas of Pennsylvania**	**$100M - $150M**	**20+ Years**
	Rate Case/Tracked: Execution of established Infrastructure Replacement Program; recovery utilizes forward test year rate case filings supplemented by periodic DSIC filings under Act 11		
3	**Columbia Gas of Massachusetts**	**$25M - $50M**	**20+ Years**
	Tracked: Execution of established Infrastructure Replacement Program; annual tracker filings, program approved in 2009 and expanded in 2012 rate case		
4	**Columbia Gas of Virginia**	**$20M - $35M**	**20+ Years**
	Tracked: Execution of established Infrastructure Replacement Program; annual tracker filings with 5-year program renewal (next renewal 2017); Amended filing, approved 7/3/13, increases annual investment, expands eligible facilities and provides more annual flexibility		
5	**Columbia Gas of Kentucky**	**$10M - $15M**	**20+ Years**
	Tracked: Execution of established Infrastructure Replacement Program with annual tracker filings		
6	**Columbia Gas of Maryland**	**$5M - $10M**	**20+ Years**
	Rate Case/Tracked: Execution of established Infrastructure Replacement Program; rate case filings with make whole filings for up to three subsequent years		
7	**NIPSCO – Gas**	**$50M - $115M**	**7 Years**
	Tracked (pending approval): 80% of eligible costs under SB 560, the remaining 20% would be recovered through a mandatory rate case within seven years of initial investment plan approval (currently filed with IURC).		

Current Regulatory Activity

8	**Columbia Gas of Pennsylvania – Rate Case**	**Approved Increase: $55M**	**Effective: July '13**
9	**Columbia Gas of Maryland – Rate Case**	**Approved Increase: $3.6M**	**Effective: 3Q '13**
10	**NIPSCO – Gas**	**Approved Settlement Extension**	**Effective: 3Q '13**
11	**Columbia Gas of Massachusetts – Rate Case**	**Requested Increase: $30M**	**Filed: 2Q '13 Effective: 1Q '14**
	Filing supports CMA's continued effort to modernize pipeline infrastructure and transform its operations to serve customers safely, reliably and cost-effectively.		
12	**Columbia Gas of Kentucky– Rate Case**	**Requested Increase: $17M**	**Filed: 2Q '13 Effective: Jan. '14**
	Filing supports CKY's continued infrastructure modernization program by transitioning to a forecasted test period, the filing also seeks improvements to rate design.		
13	**NIPSCO – Gas**	**Seven-Year ~$710M Investment Plan**	**Filed: 4Q '13 Effective: 2014**
	NIPSCO filed a 7-year gas infrastructure plan to replace aging infrastructure that will improve reliability and system integrity. The filing also contains plans to expand natural gas service into rural areas of Indiana.		

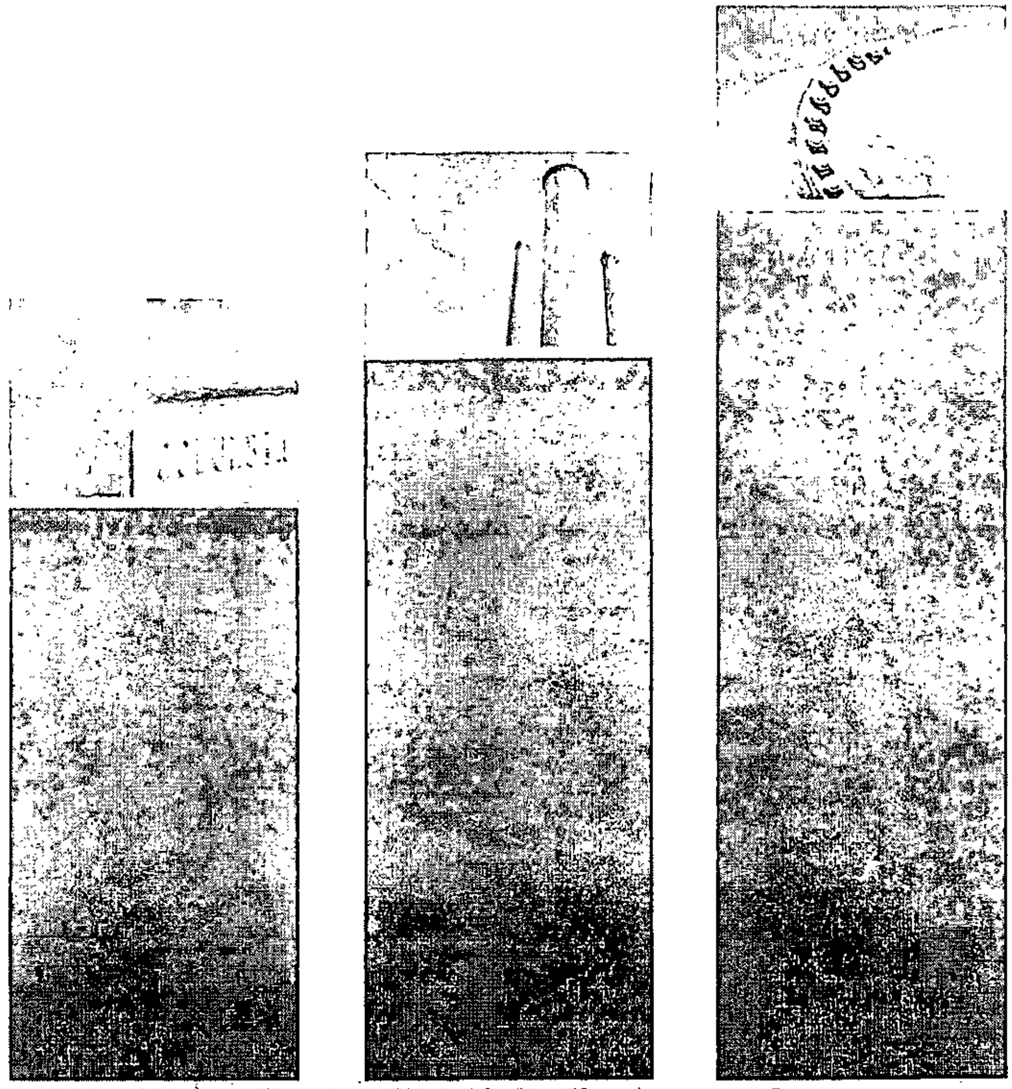
NiSource

Key Path Forward Markers

Group	Marker	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14	4Q14
Liquidity	LT Debt Issuance of $750M (Term: 30 Years @ 4.8%) / LT Debt Issuance of $500M (Term: 30 Years @ 5.7%)								
Liquidity	LT Debt Maturities: $420M (3/2013) & $500M (7/2014)								
Liquidity	Increased Credit Facility Capacity from $1.5B to $2.0B and extended term until 9/2018								
Liquidity	DRIP: ~$45M/year								
Gas Distribution	Columbia Gas of MA – Rate Case (Filed / Effective)								
Gas Distribution	Columbia Gas of MD – Rate Case (Filed / Effective)								
Gas Distribution	Columbia Gas of PA – Rate Case (Approved / Effective)								
Gas Distribution	Columbia Gas of KY – Rate Case (Filed / Effective)								
Gas Distribution	NIPSCO Gas – Rate Case Extension (Settlement Filed / Approved)								
Gas Distribution	NIPSCO Gas – Infrastructure Replacement – SB 560 (File 7-year Plan / Approval of 7-year Plan)								
Gas Distribution	Infrastructure Replacement Programs (~$350-$400M per year)								
Electric	NIPSCO – FGD's U14, U15, U12 (U14 In-Service / U15 In-Service)								
Electric	Infrastructure Replacement Program – SB 560 (File 7-year Plan / Approval of 7-year Plan)								
Electric	MISO Transmission Improvement Project (Engineering / Planning / Construction)								
Columbia Pipeline Group	Giles County (In-Service)								
Columbia Pipeline Group	Pennant NGL Pipeline (In-Service)								
Columbia Pipeline Group	Pennant JV – Hickory Bend Gathering-Processing (In-Service)								
Columbia Pipeline Group	Big Pine Gathering (In-Service)								
Columbia Pipeline Group	Warren County Project (In-Service)								
Columbia Pipeline Group	Millennium Pipeline – Minisink & Hancock Expanded Compression (In-Service)								
Columbia Pipeline Group	Columbia Gas Modernization (FERC Approval / Tracker Filing / Tracker Implementation)								
Columbia Pipeline Group	West Side Expansion (In-Service 1Q 2015)								
Columbia Pipeline Group	East Side Expansion (In-Service 3Q 2015)								
Columbia Pipeline Group	Virginia LNG Facility Upgrade (In-Service - Phase 1 / Phase 2)								
Columbia Pipeline Group	Line 1570 (In-Service)								

Supplemental Slides

Fourth Quarter/Year-End 2013 Earnings
February 18, 2014



NiSource®

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Key Takeaways – Year-End 2013

Continued Execution of NiSource's Infrastructure Investment Strategy

- Results in line with guidance for seventh consecutive year
  - Earnings Per Share of $1.58*
- Total shareholder return outperformed utility indices for the fifth consecutive year
  - Total shareholder return of 36 percent
  - Dividend increase of ~4 percent
- Successfully delivered on a record $2 billion infrastructure investment program
- Long-term infrastructure modernization programs now in place across all business units
- Financial foundation to support $30+ billion infrastructure investment inventory

** Net Operating Earnings from Continuing Operations (non-GAAP); For a reconciliation to GAAP, see Schedule 1 of the Company's Feb. 18, 2014 Earnings Release*

Year-End 2013 Financial Highlights

Financial Results at Upper End of 2013 Earnings Guidance

Non-GAAP**	2013*	2012*	Change*
Net Operating Earnings from Continuing Operations	$493.9	$425.8	$68.1
Net Operating Earnings Per Share	$1.58	$1.46	$0.12
Operating Earnings	$1,146.3	$1,069.6	$76.7

GAAP	2013*	2012*	Change*
Income from Continuing Operations	$490.9	$408.8	$82.1
Earnings Per Share	$1.57	$1.40	$0.17
Operating Income	$1,143.4	$1,040.1	$103.3

* *All results listed in millions, except for EPS;*
** *For a reconciliation to GAAP, see Schedule I of the Company's Feb. 18, 2014 Earnings Release*

2013 Total Shareholder Return: 36 Percent

NiSource

Year-End 2013 Financing Highlights

Solid Liquidity & Financial Profile

- Solid liquidity position – $1.6B as of Dec. 31, 2013
- Issued $1.25B, 30-year notes at attractive rates
- Increased revolver by $500M to $2B, extended term to Sept. 2018
- Expanded Commercial Paper Program by $1B to $1.5B in Feb. 2013
- Total debt to capitalization 60% as of Dec. 31, 2013
- Investment-grade credit rating upgraded Baa2 /P2 by Moody's; Fitch affirms BBB- rating

Well-Positioned to Support Robust Investment Program

Columbia Pipeline Group – Year-End 2013

Continued Execution of Infrastructure Investment Strategy

- Operating earnings $441.2M in 2013 vs. $397.8M in 2012*
- First year modernization settlement recovery approved; began on Feb. 1, 2014
- Line 1570 and Giles County projects received FERC approval in early Feb.
- Hickory Bend Gathering System began initial service in Dec. 2013
- 2014 capital investment: ~$800M

Looking Ahead:

Project	Key Components	Status
Pipeline Modernization	• 5-year initial settlement term • $1.5B investment during initial settlement term • Part of $4B - $5B investment program	• 2013 investment recover began on Feb. 1, 2014 • ~$300M modernization investments projected in 2014
Pennant Midstream, LLC Hickory Bend Gathering System *50/50 Joint Venture with Harvest Pipeline*	• Gathering and processing facilities serving Utica Shale region • 600 million cubic feet/day gathering; 200 million cubic feet/day processing • ~$320M initial joint venture investment (NI: $160M)	• Initial service began in Dec. 2013 • Evaluating expansion needs, including additional processing capabilities
Pennant Midstream, LLC NGL Pipeline *50/50 Joint Venture with Harvest Pipeline*	• NGL pipeline in eastern Ohio connecting the Hickory Bend processing facility to the UEO Kensington facility • 90K barrels per day capacity	• Projected in service Q3 2014
Cameron Access Project	• New pipeline facilities along Columbia Gulf to connect numerous supply basins Cameron LNG export terminal • Up to 800,000 dekatherms per day • ~$300M investment	• LNG facility received DOE approval for export on Feb. 11, 2014 • Binding precedent agreements in place • Project in service by YE 2017
Other In-Progress Regulated Growth Projects	• More than $550M in projects currently in flight • Additional 1BCF+ of additional capacity projected	• Complete details available in Appendix on slide 15

Expanding Inventory of Investment Opportunities

* *Non-GAAP. For a reconciliation to GAAP, see Schedule 2 of the Company's Feb 18, 2014 Earnings Release*

NiSource

Electric Operations – Year-End 2013

Modernization Investments Provide Growth, Customer & Economic Benefits

- Operating earnings $265.3M in 2013 vs. $237.6M in 2012*
- First Schahfer FGD Unit placed into service ahead of schedule, on budget
- ~$1.1B electric system modernization filing approved by IURC
- 2014 capital investment: ~$450M

Looking Ahead:

Highlight	Key Components	Status
Electric system modernization program	• Seven-year plan filed with the IURC (enabled by SB560 enacted in 2013) • ~$1.1B investment focused on replacing poles, transformers and other related equipment	• Filing approved by IURC on Feb. 17 • Investments scheduled to begin in mid-2014
Electric Generating Plant Environmental Investments	• ~$850M in total environmental investments • Schahfer Flue Gas Desulfurization (FGD) investments: Units 14 & 15 • Michigan City FGD: Unit 12 • Enhanced mercury and particulate controls (MATS)	• Schahfer Unit 14 in service on budget, ahead of schedule • Schahfer Unit 15 on schedule, on budget • Michigan City FGD construction in progress • MATS investments approved by IURC
Electric Transmission System Enhancement – Reynolds to Topeka Project	• 100-mile, 345-kV transmission project • $250M-$300M investment • Projected in-service latter part of 2018	• Final route selected • Right of way acquisition in progress
Electric Transmission System Enhancement – Reynolds to Greentown (*Joint Project*)	• 66-mile, 765-kV transmission project • $300M-$400M investment (NIPSCO portion $150M - $200M) • Projected in-service latter part of 2018	• Preliminary planning in progress • Stakeholder outreach has begun

A Focus on Execution, Customer Service, Reliability and the Environment

* *Non-GAAP. For a reconciliation to GAAP, see Schedule 2 of the Company's Feb. 18, 2014 Earnings Release*

NiSource Gas Distribution – Year-End 2013

$10B+ Inventory of Long-Term Infrastructure Investments

- Operating earnings $448.8M in 2013 vs. $438.4M in 2012*
- Kentucky rate order supports infrastructure replacement recovery and $7.7 million in additional annual revenues
- Massachusetts rate order with new rates expected by March 1, 2014
- Record capital investment in 2014: ~$815M

Looking Ahead

Highlight	Key Components	Status
NIPSCO natural gas system modernization program	• Seven-year plan filed with the IURC (enabled by SB560 enacted earlier this year) • ~$700M investment focused on system modernization and extensions to rural customers	• Filed with IURC on Oct. 3, 2013 • Investments scheduled to begin in mid-2014
Columbia Gas of Massachusetts Base Rate Case	• Filed April 16, 2013 • Requested revenue increase of ~$30M • Supports expanded infrastructure plans with timely investment recovery	• A decision with rates in effect projected for March 1, 2014
Columbia Gas of Virginia Industrial Customer Expansion	• ~$15M growth project to serve major industrial customer • Columbia Gas Transmission will execute a complementary project to interconnect with CGV (~$25M investment)	• Projected in-service late 2014
Infrastructure Modernization	• ~$10B long-term program across service territory	• Complete program update outlined in Appendix on slide 18

Disciplined Project Execution | Increasing Customer Value | Engaging Stakeholders

* Non-GAAP. For a Reconciliation to GAAP, See Schedule 2 of the Company's Feb. 18, 2014 Earnings Release

Key Takeaways – 2014

Continued Execution of NiSource's Infrastructure Investment Strategy

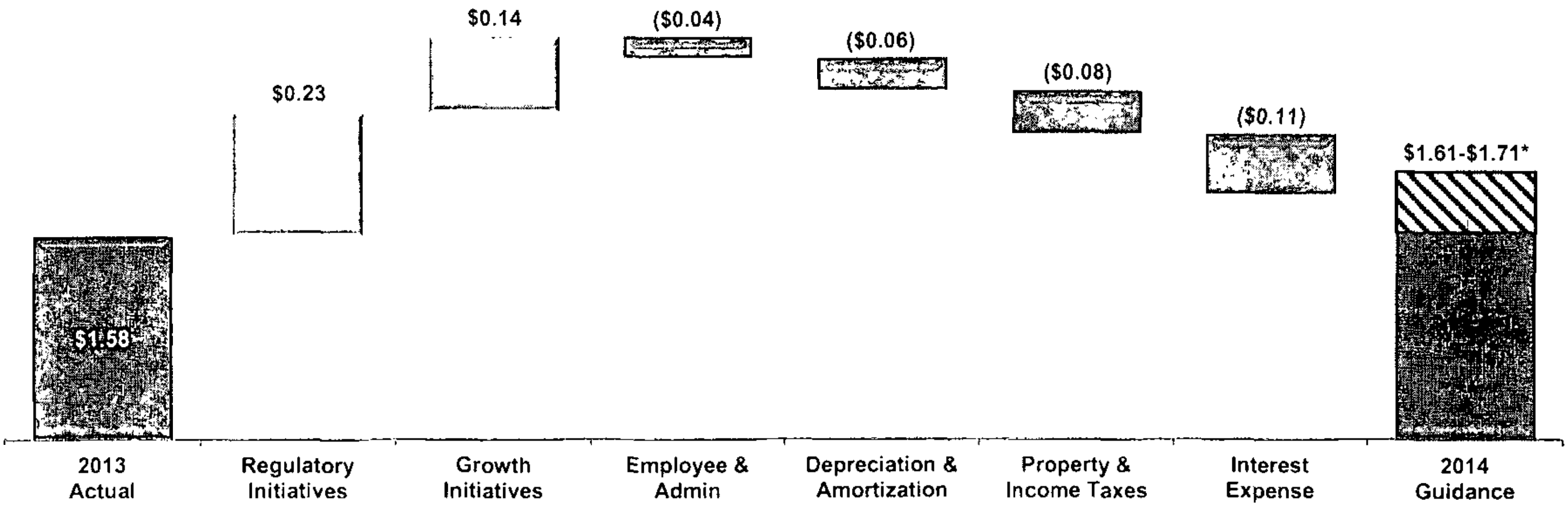
- Sustainable long-term growth
  - 2014 EPS guidance: $1.61 to $1.71 per share*
- ~$2B capital plan outlined for 2014
  - 75% of investments dedicated to earnings accretive and revenue-generating projects
- Long-term inventory of modernization, growth and midstream opportunities continues to grow
- Balanced, transparent approach to funding capital requirements
- Commitment to investment-grade credit, sustainable growth, strong liquidity and a growing dividend

Well-Established Platform for Sustainable Growth and Value Creation

* *Net Operating Earnings from Continuing Operations (non-GAAP)*

2013 to 2014 Earnings Per Share (Non-GAAP)

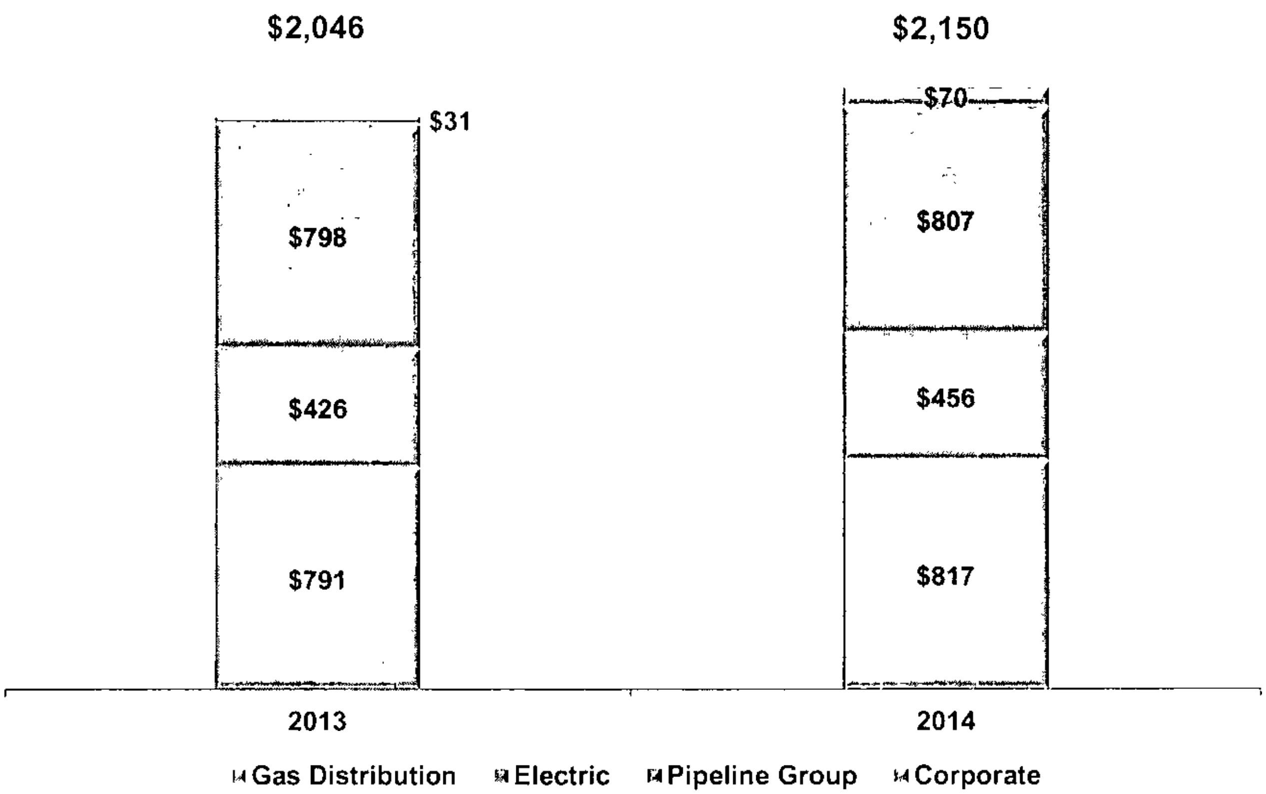
2014 EPS Guidance Range $1.61 - $1.71*



* Projected Net Operating Earnings from Continuing Operations (non-GAAP)

Capital Expenditures ($M)

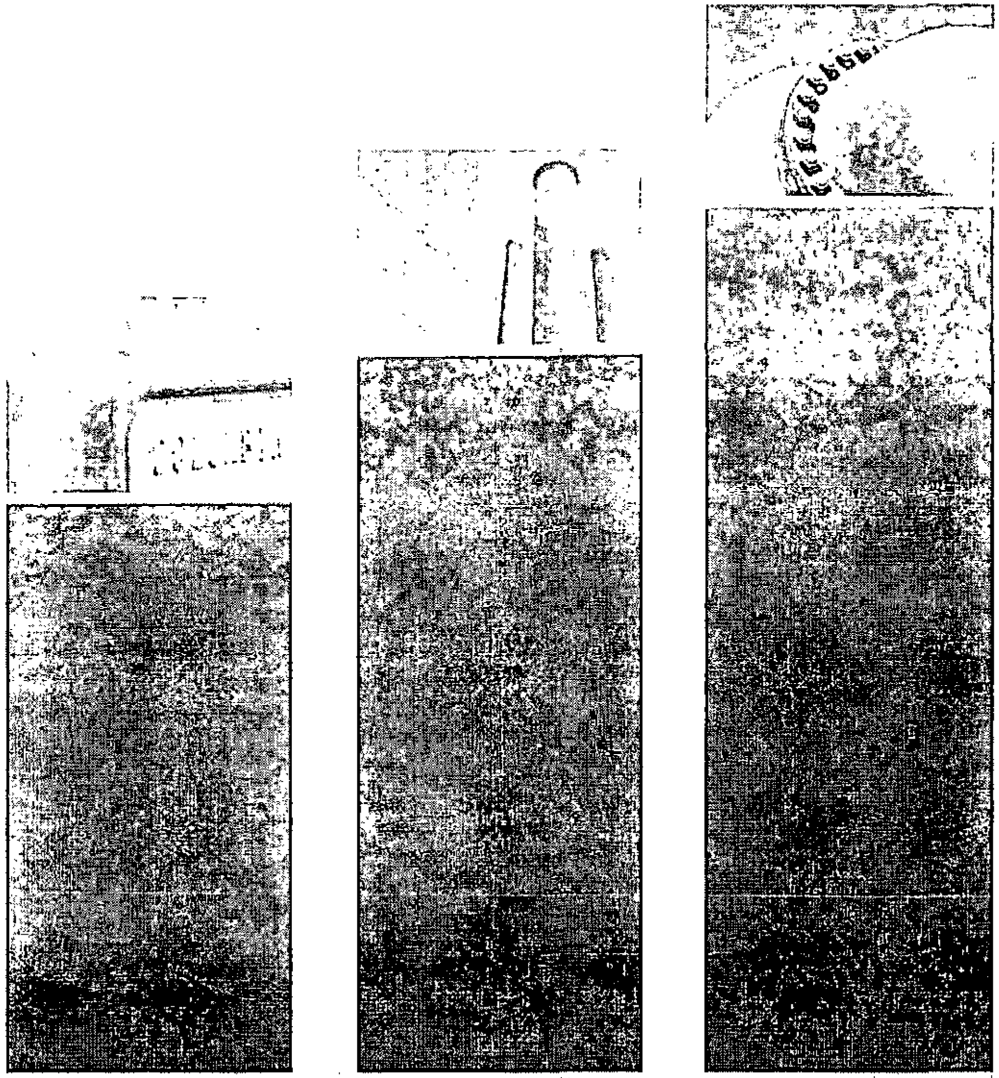
2013 Actual and 2014 Forecasted CapEx



2014 Growth & Tracker ~$1,656M (77%) and Age & Condition ~$494M (23%)

Appendix

Fourth Quarter/Year-End 2013 Earnings
February 18, 2014



NiSource®

Capitalization ($M)

Total Debt to Capitalization 60.0% as of 12/31/13

	Actual 12/312013			Actual 12/31/2012		
	Debt	Equity	Total	Debt	Equity	Total
Long-Term Debt	$ 7,593.2	$ -	$ 7,593.2	$ 6,819.1	$ -	$ 6,819.1
Short-Term Debt	433.6	-	433.6	543.6	-	543.6
Sale of A/R	265.1	-	265.1	233.3	-	233.3
Current Portion of Long-Term Debt	542.1	-	542.1	507.2	-	507.2
Common Equity	-	5,886.6	5,886.6	-	5,554.3	5,554.3
Total Capitalization Per Balance Sheet	**$ 8,834.0**	**$ 5,886.6**	**$14,720.6**	**$ 8,103.2**	**$ 5,554.3**	**$13,657.5**
% of Capitalization Per Balance Sheet	**60.0%**	**40.0%**	**100.0%**	**59.3%**	**40.7%**	**100.0%**

Moody's Baa2 /P2 ○ S&P BBB- /A3 ○ Fitch BBB- /F3

Current Liquidity ($M)

	Actual 12/31/13	Maturity
Committed Credit Facility	$ 2,000	September 2018
Less:		
Drawn on Credit Facility	-	
Commercial Paper	(434)	
Letters of Credit	(14)	
Add:		
Cash & Equivalents	27	
Net Available Liquidity	**$ 1,579**	

CPG Regulated Pipeline & Storage Growth Update

M Marketing — **$3B-$4B Opportunity**

1. **Millennium** — ~$90M (NI: $45M) — 2Q '13 & 1Q '14
   Marcellus: Deliver Marcellus supplies to multiple markets with expanded compression at Minisink (+150 MMcf/Day) and Hancock (+175 MMcf/Day)

2. **Virginia LNG Facility** — ~$30M — Phase 1: 4Q '13; Phases 2 & 3: '14 - '15
   Facility Upgrade: Multi-phased project over three years to upgrade and maintain service to existing customers. (120 MMcf/Day)

3. **Warren County** — ~$35M — 2Q '14
   Gas Generation: Expansion to serve Virginia Power's new 1,300 MW plant (250 MMcf/Day)

4. **West Side Expansion** — ~$200M — 4Q '14
   Marcellus: Transport supply to growing Southeast Markets (~500 MMcf/Day) with limited interim service currently being provided.

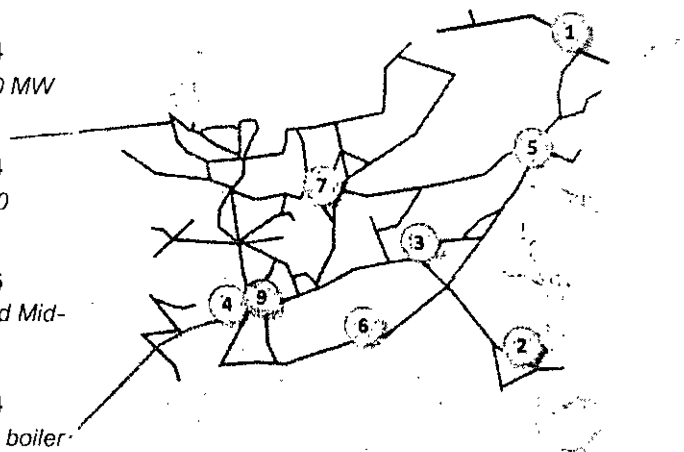
5. **East Side Expansion** — ~$275M — 3Q '15
   Marcellus: Connect northern Marcellus supplies to Northeast and Mid-Atlantic Markets (~315 MMcf/Day)

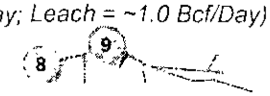
6. **Giles County** — ~$40M (CPG $25M - CGV $15M) — 4Q '14
   Gas Conversion: Pipeline extension to serve coal-to-natural gas boiler conversion (~45 MMcf/Day). FERC Approved Feb. 7, 2014

7. **Line 1570** — ~$20M — 4Q '14
   Marcellus: Increased takeaway capacity (~100 MMcf/Day). FERC Approved Feb. 7, 2014

8. **Cameron Access Project** — ~$300M — YE '17
   Transport supplies from numerous basins into Cameron's LNG facility via a new pipeline and additional compression. (~800 MMcf/Day)

9. **Rayne / Leach Express** — TBD — TBD
   Marcellus / Utica: Facilitates transportation of Marcellus and Utica production to markets on Columbia Gas (Leach) and Columbia Gulf (Rayne). (Rayne = ~800 MMcf/Day; Leach = ~1.0 Bcf/Day)





Complete
In Execution
In Development
In Evaluation

M Modernization — **$4B-$5B Opportunity**

Columbia Gas Modernization — $300M/Yr — 2013 – 2018

FERC approved (1/2013) - 5 Year settlement agreement (with potential extension provisions) to execute a comprehensive, balanced and transparent pipeline modernization program. The program started in 2013…first year tracker filed in December 2013 and approved for February 2014 recovery

NiSource

CPG Midstream & Minerals Growth Update

M Midstream **$1B-$1.5B Opportunity**

			In-Service
10	**Majorsville**	**~$85M**	**3Q '10**

Marcellus: Gathers wet gas to processing facility and provides downstream pipeline market access with additional pipeline and compression assets (325 MMcf/Day)

			In-Service
11	**Big Pine Gathering**	**~$165M**	**2Q '13**

Marcellus: ~60 Miles of Pipeline with multiple interstate connections (425 MMcf/Day)

12	**Pennant JV – Hickory Bend Gathering/Processing**	**~$320M** (NI = ~$160M)	**In-Service 4Q '13**

Utica: ~55 miles of Pipeline (600MMcf/Day) and an NGL processing facility (200 MMcf/Day): Ohio pipelines and NGL processing facility completed: Pennsylvania pipelines to be completed by 2Q'14.

13	**Pennant JV – NGL Pipeline**	**~$50M (NI = $25M)**	**3Q '14**

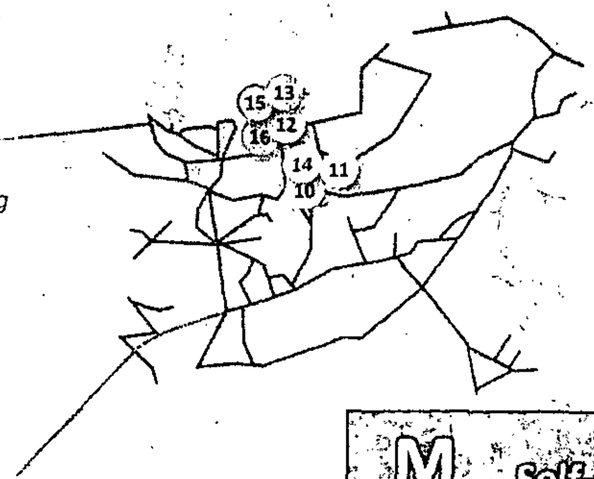
Utica: Pipeline development to transport NGLs from the Hickory Bend processing facility to Kensington. Initial capacity of the gas liquids pipeline is expected to be ~90K barrels a day.

14	**Washington County Gathering**	**~$120M**	**2H '15**

Marcellus: Greenfield gathering system in Washington County to gather wellhead production.

15	**Pennant JV – Phase II**	**~$300M (NI = $150M)**	**TBD**

Utica: Gathering system extension and additional processing facilities.



Complete

In Execution

In Development

In Evaluation

M Minerals **Self-Funded Investment**

16	**Utica Minerals Arrangement**	**Executing Drilling Program**

Utica: Joint development with Hilcorp to extract value of ~120k acres of mineral rights – drilling started in 2013. Production volumes dedicated to Pennant JV-Hickory Bend

Potential Minerals Opportunities	**Under Evaluation**

Utica: Optimize minerals position in shale region to leverage downstream infrastructure opportunities

NiSource

Electric Operations Infrastructure Investment Update

Upgrade Generation Fleet
($700M - $1.4B Opportunity)

			In-Service
1	**U14 FGD**	**~$250M**	**YE '13**

ECRM (Environmental Cost Recovery Mechanism - 100% Tracked) FGD (Flue Gas Desulfurization) facility at Schahfer Generating Station

2 **U15 FGD** — **~$250M** — **YE'14**
ECRM (100% Tracked) FGD facility at Schahfer Generating Station

3 **U12 FGD** — **~$250M** — **YE'15**
ECRM (100% Tracked) FGD facility at Michigan City Generating Station

4 **NOx Upgrades** — **~$50M** — **YE'15**
ECRM (100%Tracked) NOx upgrades and monitoring

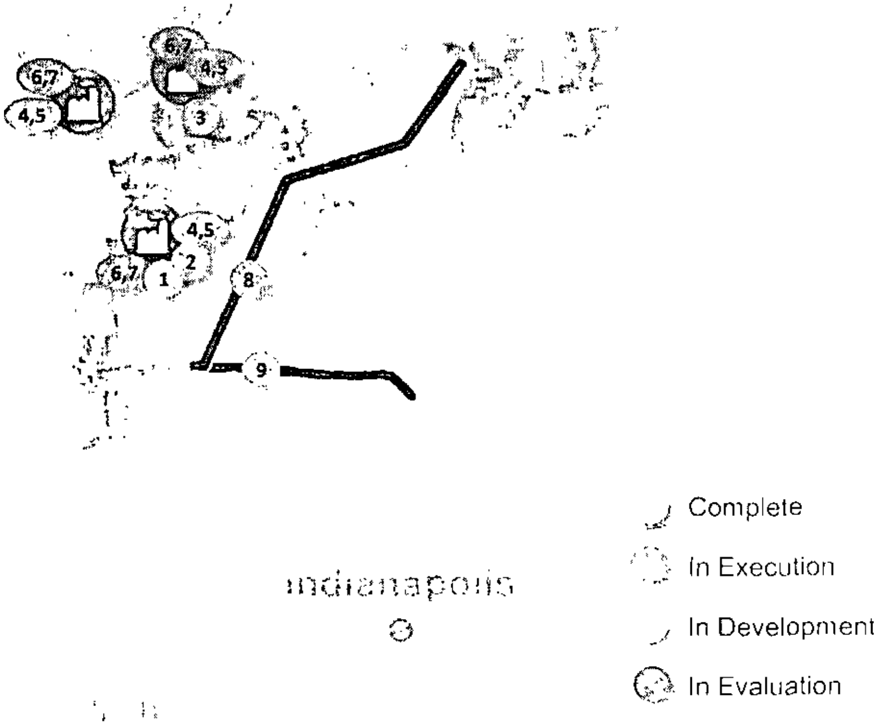
5 **MATS** — **~$60M** — **YE'13/YE'14/YE'15**
ECRM (100%Tracked) projects enhancing mercury and particulate controls at all coal plants

6 **Water Treatment** — **$25M - $130M** — **YE'17/YE'18**
Environmental: SB 251 (80% Tracked / 20% Deferred) projects enhancing wastewater treatment at all coal plants and water intake modifications at Bailly Station

7 **Coal Ash Improvements** — **$100M - $300M** — **TBD**
Environmental: SB 251 (80% Tracked / 20% Deferred) projects upgrading ash handling and disposal at all coal plants

Infrastructure Modernization Program
($3B - $4B Opportunity)

NIPSCO Electric Distribution & Transmission Modernization — **7-Year Investment ~$1.1B** — **Approved / Implemented: 2014**
Modernization: SB 560 (80% Tracked / 20% Deferred) NIPSCO is implementing year 1 of its 7-year, ~$1.1B electric infrastructure replacement plan. The plan was approved by the IURC on February 17, 2014 and requires NIPSCO to file a rate case within seven years.



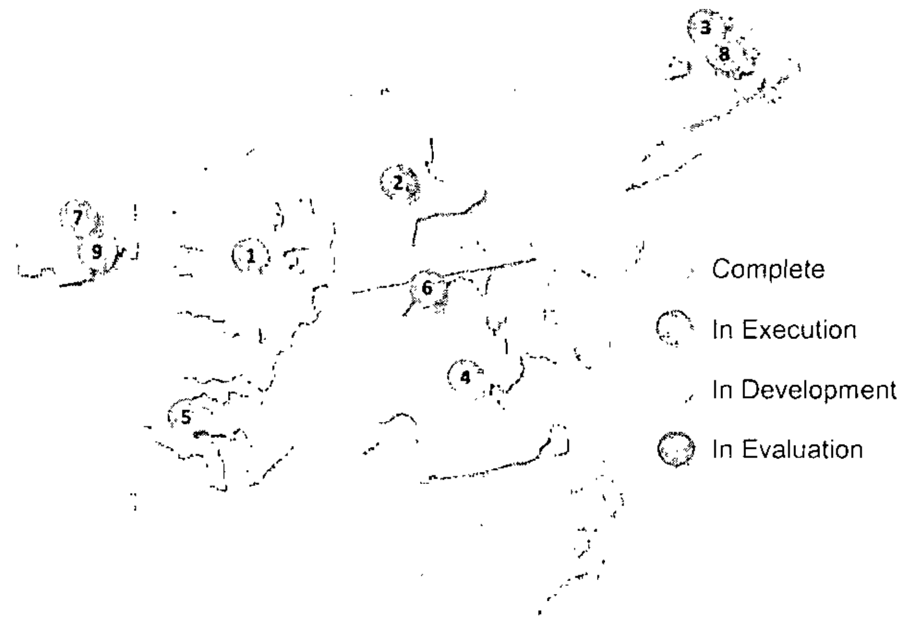
Enhance Transmission System
($500M - $1.0B Opportunity)

8 **Reynolds-Topeka** — **$250M - $300M** — **2H 2018**
MISO MVP: FERC approved 345-kV transmission project from Reynolds Substation to Hiple Substation (100 miles) – route determination complete…right-of-way acquisition in process.

9 **Greentown-Reynolds** — **$300M - 400M (NI: $150M – $200M)** — **2H 2018**
MISO MVP – partnership: FERC approved 765-kV transmission project from Reynolds Substation to Greentown Substation (66 miles) – final route not determined

NGD Infrastructure Investment Update

Infrastructure Modernization Programs ($10B+ Opportunity)



Annual Investment

1 **Columbia Gas of Ohio** — **$150M - $200M** — **20+ Years**
Tracked: Execution of established Infrastructure Replacement Program; annual tracker filings with 5-year program renewal (next renewal 2018)

2 **Columbia Gas of Pennsylvania** — **$100M - $150M** — **20+ Years**
Rate Case/Tracked: Execution of established Infrastructure Replacement Program; recovery utilizes forward test year rate case filings supplemented by periodic DSIC filings under Act 11

3 **Columbia Gas of Massachusetts** — **$25M - $50M** — **20+ Years**
Tracked: Execution of established Infrastructure Replacement Program; annual tracker filings, program approved in 2009 and expanded in 2012 rate case

4 **Columbia Gas of Virginia** — **$20M - $35M** — **20+ Years**
Tracked: Execution of established Infrastructure Replacement Program; annual tracker filings with 5-year program renewal (next renewal 2017); Amended filing, approved 7/3/13, increases annual investment, expands eligible facilities and provides more annual flexibility

5 **Columbia Gas of Kentucky** — **$10M - $15M** — **20+ Years**
Tracked: Execution of established Infrastructure Replacement Program with annual tracker filings

6 **Columbia Gas of Maryland** — **$5M - $10M** — **20+ Years**
Rate Case/Tracked: Execution of established Infrastructure Replacement Program; rate case filings with make whole filings for up to three subsequent years

7 **NIPSCO – Gas** — **$50M - $115M** — **7 Years**
Modernization: SB 560 (80% Tracked / 20% Deferred) – pending approval. The NIPSCO Gas 7-year, ~$700M gas infrastructure replacement plan also contains plans to expand natural gas service into rural areas of Indiana.

Current Regulatory Activity

8 **Columbia Gas of Massachusetts – Rate Case** — **Requested Increase: $30M** — **Filed: 2Q '13 Effective: 1Q '14**
Filing supports CMA's continued effort to modernize pipeline infrastructure and transform its operations to serve customers safely, reliably and cost-effectively.

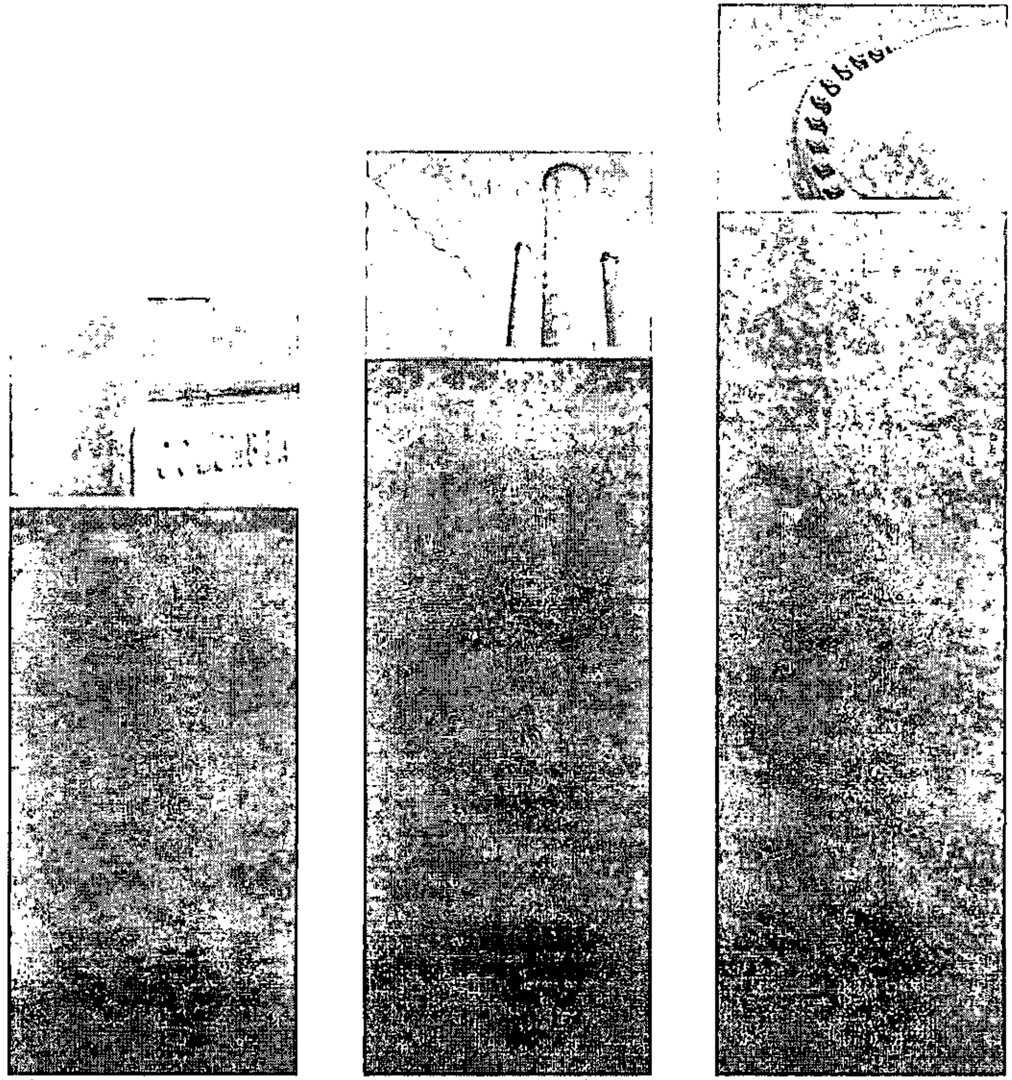
9 **NIPSCO – Gas** — **Seven-Year ~$700M Investment Plan** — **Filed: 4Q '13 Effective: 2014**
NIPSCO filed its 7-year, ~$700M gas infrastructure replacement plan on October 3, 2013. The plan is expected to be approved and implemented during 2014. Once approved NIPSCO will be required to file a rate case within the 7-year period.

Key Path Forward Markers

		2013 Completed	1Q14	2Q14	3Q14	4Q14	1Q15	2Q15		4Q15
Liquidity	2013 LT Debt Issuances : $750M (30 Years @ 4.80%) / $500M (30 Years @ 5.65%)	✓								
Liquidity	LT Debt Maturities: $500M (7/2014) / $250M (4/2015) / $230M (11/2015)				△			△		△
Liquidity	Increased Credit Facility Capacity from $1.5B to $2.0B and Extended Term Until 9/2018	✓								
Liquidity	DRIP: ~$50M/year									
Gas Distribution	Columbia Gas of MA – Rate Case (Effective)		△							
Gas Distribution	Columbia Gas of MD – Rate Case	✓								
Gas Distribution	Columbia Gas of PA – Rate Case	✓								
Gas Distribution	Columbia Gas of KY – Rate Case	✓								
Gas Distribution	NIPSCO Gas – Rate Case Extension	✓								
Gas Distribution	NIPSCO Gas – Infrastructure Replacement – SB 560 (Approval of 7-Year Plan / Implementation)			△						
Gas Distribution	Infrastructure Replacement Programs (~$350-$450M Per Year)									
Electric	NIPSCO – FGD's: U14, U15, U12 (U14 Completed - 2013 / U15 In-Service / U12 In-Service)	✓				△				△
Electric	Infrastructure Replacement Program – SB 560 (Approval of 7-Year Plan / Implementation)		△							
Electric	MISO Approved Transmission Projects (Planning & Construction / In-Service 2018)									
Columbia Pipeline Group	Giles County (FERC Approval / In-Service)		△			△				
Columbia Pipeline Group	Pennant NGL Pipeline (In-Service)				△					
Columbia Pipeline Group	Pennant JV – Hickory Bend Gathering/Processing (In-Service)	✓								
Columbia Pipeline Group	Big Pine Gathering (In-Service)	✓								
Columbia Pipeline Group	Warren County Project (In-Service)			△						
Columbia Pipeline Group	Millennium Pipeline – Expanded Compression (Minisink Completed - 2013 / Hancock In-Service)	✓	△							
Columbia Pipeline Group	Columbia Gas Modernization (2013 Tracker Implementation / Execution)		△							
Columbia Pipeline Group	West Side Expansion (In-Service)					△				
Columbia Pipeline Group	East Side Expansion (In-Service)								△	
Columbia Pipeline Group	Virginia LNG Facility Upgrade (Phase 1: Completed 2013 / Phase 2 & Phase 3: In-Service)	✓				△				△
Columbia Pipeline Group	Line 1570 (FERC Approval / In-Service)		△			△				

Supplemental Slides

First Quarter 2014 Earnings
April 30, 2014



NiSource®

Forward-Looking Statements

This document contains forward-looking statements within the meaning of federal securities laws. These forward-looking statements are subject to various risks and uncertainties. Factors that could cause actual results to differ materially from the projections, forecasts, estimates and expectations discussed herein include, among other things, weather; fluctuations in supply and demand for energy commodities; growth opportunities for NiSource's businesses; increased competition in deregulated energy markets; the success of regulatory and commercial initiatives; dealings with third parties over whom *NiSource has no control; actual operating experience of NiSource's assets; the regulatory process; regulatory and legislative* changes; the impact of new environmental laws and regulations; the results of material litigation; changes in pension funding requirements; changes in general economic, capital and commodity market conditions; counter-party credit risk; and the matters set forth in the "Risk Factors" sections in NiSource's most recent Form 10-K and subsequent Forms 10-Q, many of which are beyond the control of NiSource. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this presentation. NiSource expressly disclaims a duty to update any of the forward-looking statements contained in this document.

With regard to Net Operating Earnings Guidance for 2014 – it should be noted that there will likely be differences between net operating earnings and GAAP earnings for matters including, but not limited to, weather, and other factors. NiSource is not able to estimate the impact of such items on GAAP earnings and, as such, is not providing earnings guidance on a GAAP basis.

Key Takeaways – First Quarter 2014

Continued Execution of NiSource's Infrastructure Investment Strategy

- Results in line with 2014 earnings guidance of $1.61 to 1.71 per share
  - First quarter earnings per share: $0.82*
- Continued execution of customer, regulatory and modernization programs across all three business units
- Record $2.2 billion 2014 capital investment program on track
- New rates in effect in Massachusetts; rate case on schedule in Pennsylvania
- Pipeline modernization investment recovery began in February
- Expanding inventory of pipeline and midstream growth projects

Building Long-Term, Sustainable Growth

** Net Operating Earnings from Continuing Operations (non-GAAP); For a reconciliation to GAAP, see Schedule 1 of the Company's April 30, 2014 Earnings Release*

First Quarter 2014 Financial Highlights

Results In Line With 2014 Earnings Guidance

Non-GAAP**	Q1 2014*	Q1 2013*	Change*
Net Operating Earnings from Continuing Operations	$258.4	$215.3	$43.1
Net Operating Earnings Per Share	$0.82	$0.69	$0.13
Operating Earnings	$509.1	$427.9	$81.2

GAAP	Q1 2014*	Q1 2013*	Change*
Income from Continuing Operations	$266.4	$216.0	$50.4
Earnings Per Share	$0.85	$0.69	$0.16
Operating Income	$533.7	$428.9	$104.8

* *All results listed in millions, except for EPS;*
** *For a reconciliation to GAAP, see Schedule 1 of the Company's April 30, 2014 Earnings Release*

A Compelling Investment Opportunity

First Quarter 2014 Financing Highlights

Financial Foundation to Support Robust Capital Investment Program

- Continued strong liquidity position of ~$1.7B as of March 31, 2014
- ~77% of investments focused on revenue-generating opportunities
- Total debt to capitalization ~60% as of March 31, 2014
- Balanced, transparent approach to funding capital requirements
- Commitment to investment-grade credit, sustainable growth, strong liquidity and a growing dividend

Moody's Baa2 /P2 | S&P BBB- /A3 | Fitch BBB- /F3

Results In Line With 2014 Earnings Guidance

Columbia Pipeline Group – First Quarter 2014

Project Inventory Expands to Support Shale Infrastructure Needs

- Operating earnings $158.9 in Q1 2014 vs. $133.3M in Q1 2013*
- First year modernization settlement recovery approved; began on Feb. 1, 2014
- Growing inventory of investment opportunities
- 2014 capital investment: More than $800M

Looking Ahead:

Project	Key Components	Status
Washington County Gathering Project	• Additional gathering and compression facilities • Long-term gathering agreements in place • Up to 100 million cubic feet per day • ~$120M investment	• Projected in service 2H 2015
Pennant Midstream, LLC NGL Pipeline *50/50 Joint Venture with Harvest Pipeline*	• NGL pipeline in eastern Ohio connecting the Hickory Bend processing facility to the UEO Kensington facility • 90K barrels per day capacity • ~$50M investment (NI: $25M)	• Projected in service Q3 2014
Cameron Access Project	• New pipeline facilities along Columbia Gulf to connect numerous supply basins to the Cameron LNG export terminal • Up to 800 million cubic feet per day • ~$300M investment	• LNG facility received DOE approval for export on Feb. 11, 2014 • Binding precedent agreements in place • Project in service by YE 2017
Pipeline Modernization	• 5-year initial settlement term • $1.5B investment during initial settlement term • Part of $4B - $5B investment program	• 2013 investment recovery began on Feb. 1, 2014 • ~$300M modernization investments projected in 2014
Other In-Progress Growth Projects	• Expanding mix of new and ongoing investments to support continued system reliability and shale production	• Complete details available in Appendix on slides 13-14

* *Non-GAAP. For a reconciliation to GAAP, see Schedule 2 of the Company's April 30, 2014 Earnings Release*

Electric Operations – First Quarter 2014

Modernization Investments Provide Growth, Customer & Economic Benefits

- Operating earnings $74.2M in Q1 2014 vs. $64.9M in Q1 2013*
- Infrastructure modernization program investments initiated
- Electric transmission projects progressing in line with expectations
- 2014 capital investment: ~$450M

Looking Ahead:

Highlight	Key Components	Status
Electric system modernization program	• Seven-year, ~$1.1B investment focused on replacing poles, transformers and other related equipment	• Filing approved by IURC on Feb. 17, 2014 • Investments begin in 2014
Electric Generating Plant Environmental Investments	• ~$850M in total environmental investments • Schahfer Flue Gas Desulfurization (FGD) investments: Units 14 & 15 • Michigan City FGD: Unit 12 • Enhanced mercury and particulate controls (MATS)	• Schahfer Unit 14 in service • Schahfer Unit 15 and Michigan City Unit 12 on schedule, on budget
Electric Transmission System Enhancement – Reynolds to Topeka Project	• 100-mile, 345-kV transmission project • $250M-$300M investment • Projected in-service latter part of 2018	• Final route selected • Right of way acquisition in progress
Electric Transmission System Enhancement – Reynolds to Greentown (*Joint Project)*	• ~70-mile, 765-kV transmission project • $300M-$400M investment (NIPSCO portion $150M - $200M) • Projected in-service latter part of 2018	• Preliminary planning in progress • Stakeholder outreach continues

** Non-GAAP. For a reconciliation to GAAP, see Schedule 2 of the Company's April 30, 2014 Earnings Release*

NiSource Gas Distribution – First Quarter 2014

$10B+ Inventory of Long-Term Infrastructure Investments

- Operating earnings $280.1M in Q1 2014 vs. $233.3M in Q1 2013*
- Massachusetts rate order in line with expectations, $19 million in additional annual revenues
- Most recent Ohio infrastructure replacement rider approved on April 23
- 2014 capital investment: ~$815M

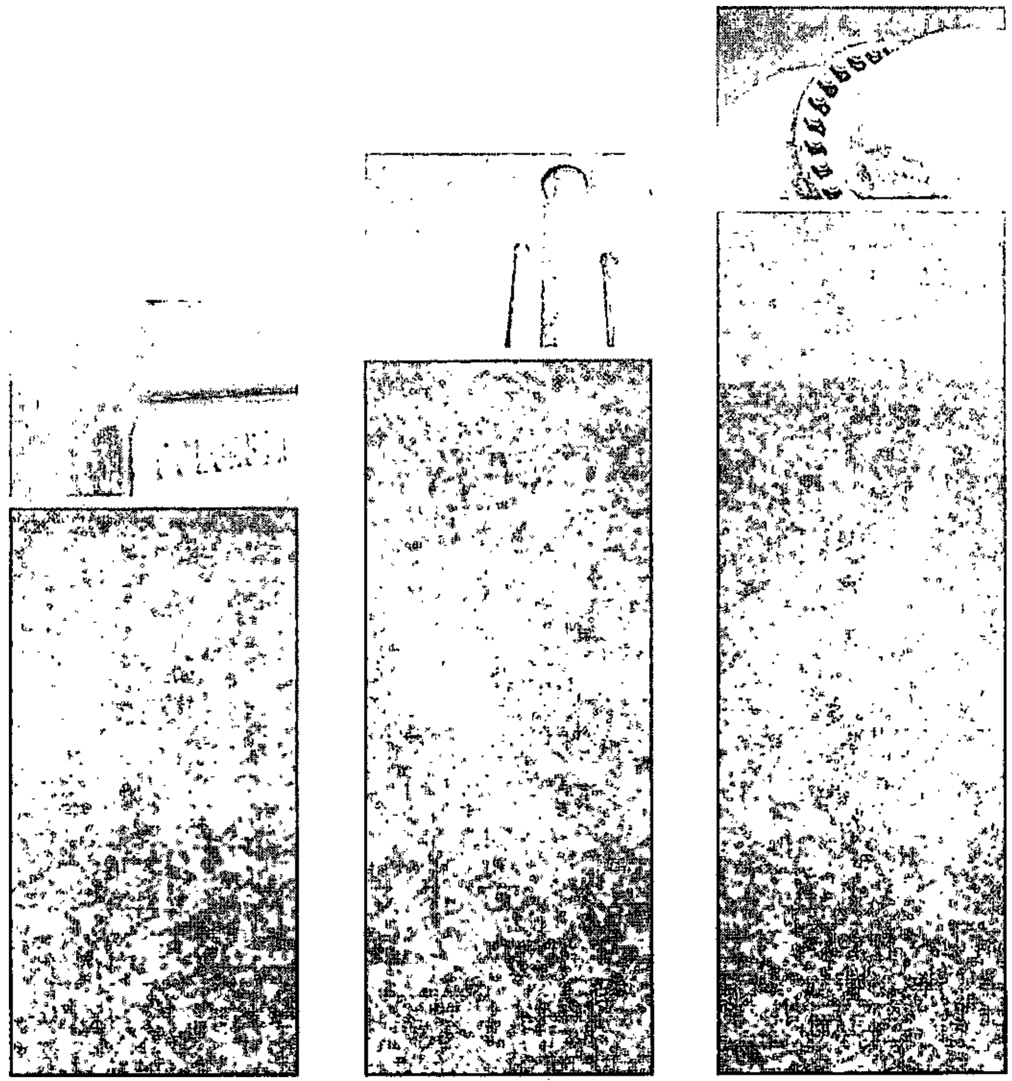
Looking Ahead

Highlight	Key Components	Status
NIPSCO natural gas system modernization program	• Seven-year plan filed with the IURC • ~$700M investment focused on system modernization and system extensions to rural customers	• IURC decision expected as early as April 30, 2014 • Investments scheduled to begin in mid-2014
Columbia Gas of Pennsylvania Base Rate Case	• Filed March 21, 2014 • Requested revenue increase of ~$54M • Supports continuation of robust infrastructure modernization plans	• A decision with rates in effect projected later this year
Columbia Gas of Virginia Industrial Customer Expansion	• ~$15M growth project to serve major industrial customer • Columbia Gas Transmission will execute a complementary project to interconnect with CGV (~$25M investment)	• On schedule, on budget • Projected in-service late 2014
Infrastructure Modernization	• ~$10B+ long-term program across service territory	• Complete program update outlined in Appendix on slide 16

* Non-GAAP For a Reconciliation to GAAP, See Schedule 2 of the Company's April 30, 2014 Earnings Release

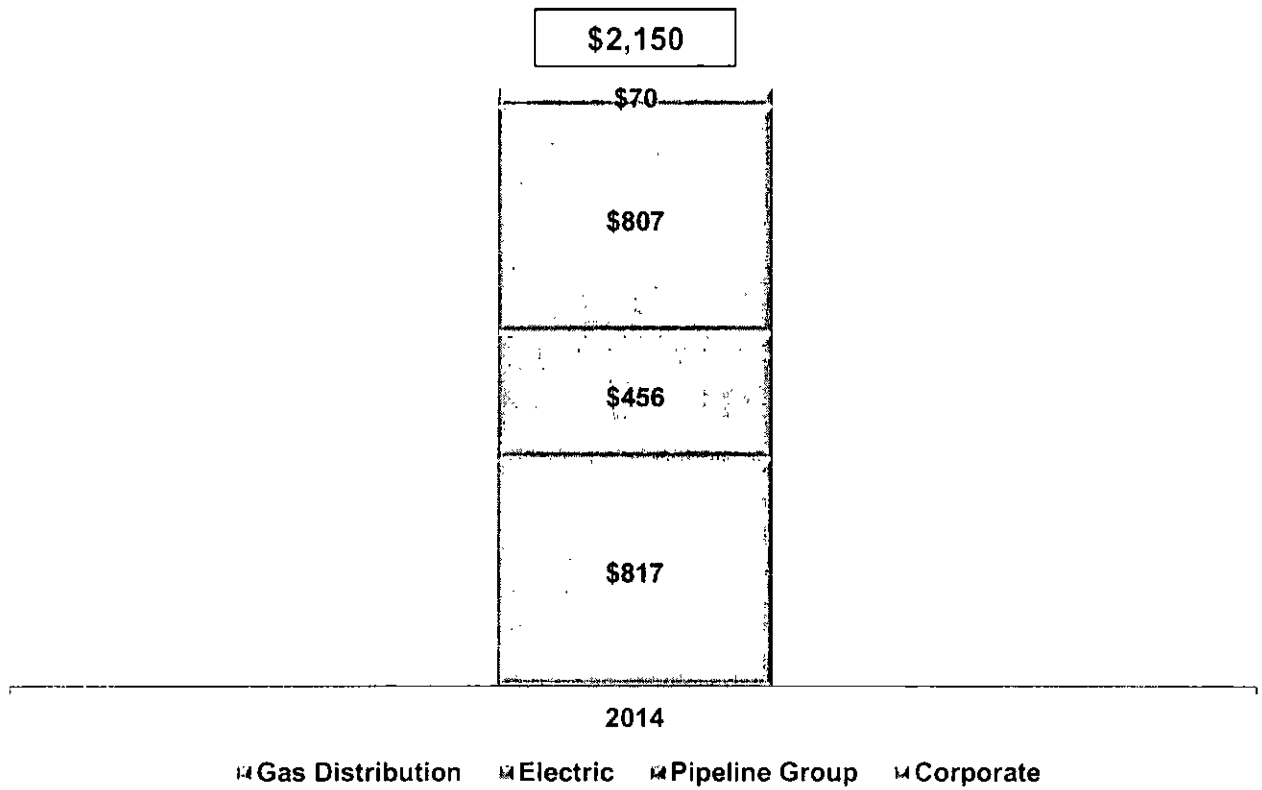
Appendix

First Quarter 2014 Earnings
April 30, 2014



Capital Expenditures ($M)

2014 Forecasted CapEx



2014 Growth & Tracker ~$1,656M (77%) and Age & Condition ~$494M (23%)

Capitalization ($M)

Total Debt to Capitalization 59.9% as of 3/31/14

	Actual 3/31/2014			Actual 12/31/2013		
	Debt	Equity	Total	Debt	Equity	Total
Long-Term Debt	$ 7,638.5	$ -	$ 7,638.5	$ 7,593.2	$ -	$ 7,593.2
Short-Term Debt	297.5	-	297.5	433.6	-	433.6
Sale of A/R	515.0	-	515.0	265.1	-	265.1
Current Portion of Long-Term Debt	530.5	-	530.5	542.1	-	542.1
Common Equity	-	6,012.1	6,012.1	-	5,886.6	5,886.6
Total Capitalization Per Balance Sheet	**$ 8,981.5**	**$ 6,012.1**	**$14,993.6**	**$ 8,834.0**	**$ 5,886.6**	**$14,720.6**
% of Capitalization Per Balance Sheet	**59.9%**	**40.1%**	**100.0%**	**60.0%**	**40.0%**	**100.0%**

Moody's Baa2 /P2 ○ S&P BBB- /A3 ○ Fitch BBB- /F3

Current Liquidity ($M)

	Actual 3/31/2014	Maturity
Committed Credit Facility	$ 2,000	September 2018
Less:		
Drawn on Credit Facility	-	
Commercial Paper	(298)	
Letters of Credit	(14)	
Add:		
Cash & Equivalents	38	
Net Available Liquidity	**$ 1,726**	

CPG Regulated Pipeline & Storage Growth Update

M $3B-$4B Opportunity
Marketing

			In-Service
1	**Millennium**	~$90M (NI: $45M)	2Q '13 & 1Q '14

Marcellus: Deliver Marcellus supplies to multiple markets with expanded compression at Minisink (+150 MMcf/Day) and Hancock (+175 MMcf/Day)

2 **Virginia LNG Facility** ~$30M — Phase 1: 4Q '13; Phases 2 & 3: '14 - '15
Facility Upgrade: Multi-phased project over three years to upgrade and maintain service to existing customers. (120 MMcf/Day)

3 **Warren County** ~$35M 2Q '14
Gas Generation: Expansion to serve Virginia Power's new 1,300 MW plant (250 MMcf/Day)

4 **West Side Expansion** ~$200M 4Q '14
Marcellus: Transport supply to growing Southeast Markets (~500 MMcf/Day) with limited interim service currently being provided.

5 **East Side Expansion** ~$275M 3Q '15
Marcellus: Connect northern Marcellus supplies to Northeast and Mid-Atlantic Markets (~315 MMcf/Day)

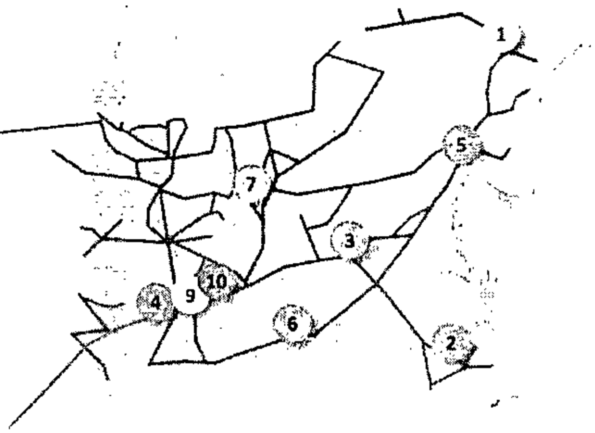
6 **Giles County** ~$40M CPG $25M - CGV $15M 4Q '14
Gas Conversion: Pipeline extension to serve coal-to-natural gas boiler conversion (~45 MMcf/Day). FERC Approved Feb. 7, 2014

7 **Line 1570** ~$20M 4Q '14
Marcellus: Increased takeaway capacity (~100 MMcf/Day). FERC Approved Feb. 7, 2014

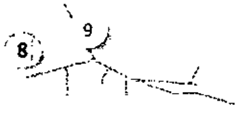
8 **Cameron Access Project** ~$300M YE '17
Transport supplies from numerous basins into Cameron's LNG facility via a new pipeline and additional compression. (~800 MMcf/Day)

9 **Rayne / Leach Express** TBD 4Q '17
Marcellus / Utica: Facilitates transportation of Marcellus and Utica production to markets on Columbia Gas (Leach = ~1.5 Bcf/Day) and Columbia Gulf (Rayne = ~800 MMcf/Day).

10 **WB Express** TBD 4Q '18
Marcellus: Facilitates transportation of Marcellus production to markets on Columbia Gas east towards Loudoun and west towards Leach (~+1.0 Bcf/Day)



Complete
In Execution
In Development
In Evaluation



M $4B-$5B Opportunity

Columbia Gas Modernization $300M/Yr 2013 – 2017

FERC approved (1/2013) - 5 Year settlement agreement (with potential extension provisions) to execute a comprehensive, balanced and transparent pipeline modernization program. The program was approved and initiated in 2013…first year tracker recovery started February 2014.

NiSource

CPG Midstream & Minerals Growth Update

M Midstream $1B-$1.5B Opportunity

10 **Majorsville** ~$85M — **In-Service 3Q '10**
Marcellus: Gathers wet gas to processing facility and provides downstream pipeline market access with additional pipeline and compression assets (325 MMcf/Day)

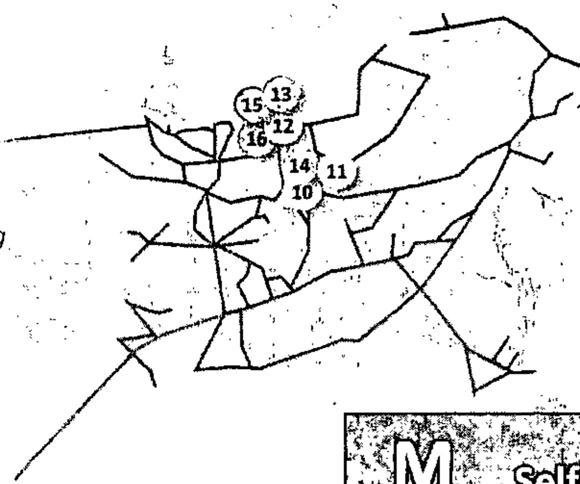
11 **Big Pine Gathering** ~$165M — **In-Service 2Q '13**
Marcellus: ~60 Miles of Pipeline with multiple interstate connections (425 MMcf/Day)

12 **Pennant JV – Hickory Bend Gathering/Processing** ~$320M (NI = ~$160M) — **In-Service 4Q '13**
Utica: ~55 miles of Pipeline (600MMcf/Day) and an NGL processing facility (200 MMcf/Day); Ohio pipelines and NGL processing facility completed; Pennsylvania pipelines to be completed by 2Q'14.

13 **Pennant JV – NGL Pipeline** ~$50M (NI = $25M) — **3Q '14**
Utica: Pipeline development to transport NGLs from the Hickory Bend processing facility to Kensington. Initial capacity of the gas liquids pipeline is expected to be ~90K barrels a day.

14 **Washington County Gathering** ~$120M — **2H '15**
Marcellus: Greenfield gathering system in Washington County, PA to gather wellhead production.

15 **Pennant JV – Phase II** ~$300M (NI = $150M) — **TBD**
Utica: Gathering system extension and additional processing facilities.



Complete
In Execution
In Development
In Evaluation

M Minerals Self-Funded Investment

16 **Utica Minerals Arrangement** — **Executing Drilling Program**
Utica: Joint development with Hilcorp to extract value of ~120k acres of mineral rights – drilling started in 2013. Production volumes dedicated to Pennant JV-Hickory Bend

Potential Minerals Opportunities — **Under Evaluation**
Utica: Optimize minerals position in shale region to leverage downstream infrastructure opportunities

NiSource

Electric Operations Infrastructure Investment Update

Upgrade Generation Fleet ($700M - $1.4B Opportunity)

			In-Service
1	**U14 FGD**	**~$250M**	**YE '13**

ECRM (Environmental Cost Recovery Mechanism - 100% Tracked) FGD (Flue Gas Desulfurization) facility at Schahfer Generating Station

2 **U15 FGD** — **~$250M** — **YE'14**
ECRM (100% Tracked) FGD facility at Schahfer Generating Station

3 **U12 FGD** — **~$250M** — **YE'15**
ECRM (100% Tracked) FGD facility at Michigan City Generating Station

4 **NOx Upgrades** — **~$50M** — **YE'15**
ECRM (100%Tracked) NOx upgrades and monitoring

5 **MATS** — **~$60M** — **YE'13/YE'14/YE'15**
ECRM (100%Tracked) projects enhancing mercury and particulate controls at all coal plants

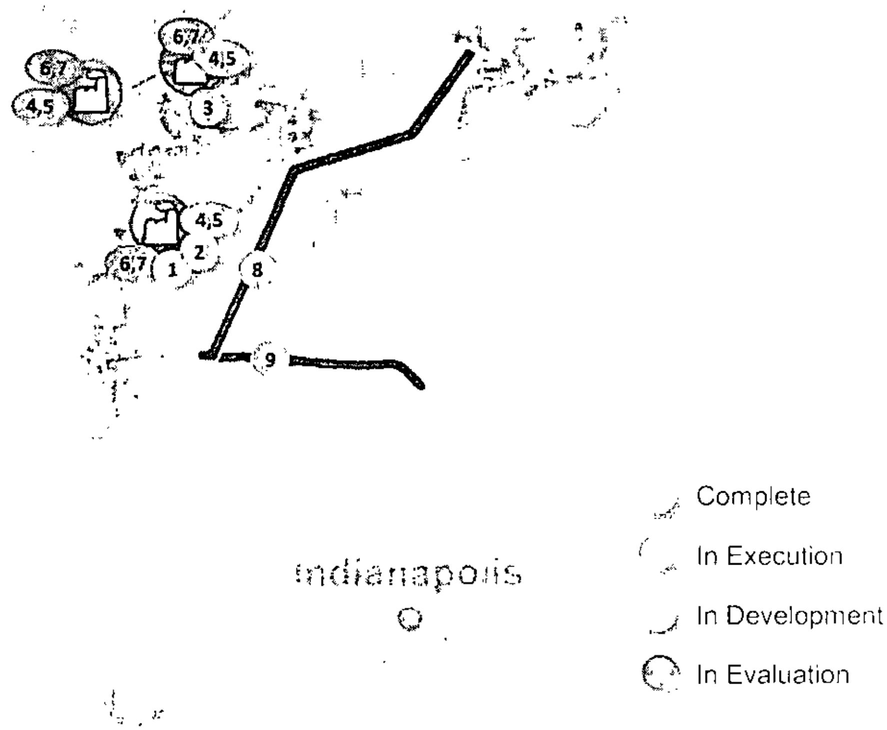
6 **Water Treatment** — **$25M - $130M** — **YE'17/YE'18**
Environmental: SB 251 (80% Tracked / 20% Deferred) projects enhancing wastewater treatment at all coal plants and water intake modifications at Bailly Station

7 **Coal Ash Improvements** — **$100M - $300M** — **TBD**
Environmental: SB 251 (80% Tracked / 20% Deferred) projects upgrading ash handling and disposal at all coal plants

Infrastructure Modernization Program ($3B - $4B Opportunity)

NIPSCO Electric Distribution & Transmission Modernization — **7-Year Investment ~$1.1B** — **Approved / Implemented: 2014**

Modernization: SB 560 (80% Tracked / 20% Deferred) NIPSCO is implementing year 1 of its 7-year. ~$1.1B electric infrastructure replacement plan. The plan was approved by the IURC on February 17. 2014 and requires NIPSCO to file a rate case within seven years.



Enhance Transmission System ($500M - $1.0B Opportunity)

8 **Reynolds-Topeka** — **$250M - $300M** — **2H 2018**
MISO MVP: FERC approved 345-kV transmission project from Reynolds Substation to Hiple Substation (100 miles) – route determination complete…right-of-way acquisition and permitting activities continue.

9 **Greentown-Reynolds** — **$300M - 400M** (NI: $150M – $200M) — **2H 2018**
MISO MVP – partnership: FERC approved 765-kV transmission project from Reynolds Substation to Greentown Substation (~70 miles) – public open house held in January 2014.

NGD Infrastructure Investment Update

Infrastructure Modernization Programs ($10B+ Opportunity)

Annual Investment

1 **Columbia Gas of Ohio** — **$150M - $200M** — **20+ Years**
Tracked: Execution of established Infrastructure Replacement Program; annual tracker filings with 5-year program renewal (next renewal 2018)

2 **Columbia Gas of Pennsylvania** — **$100M - $150M** — **20+ Years**
Rate Case/Tracked: Execution of established Infrastructure Replacement Program; recovery utilizes forward test year rate case filings supplemented by periodic DSIC filings under Act 11

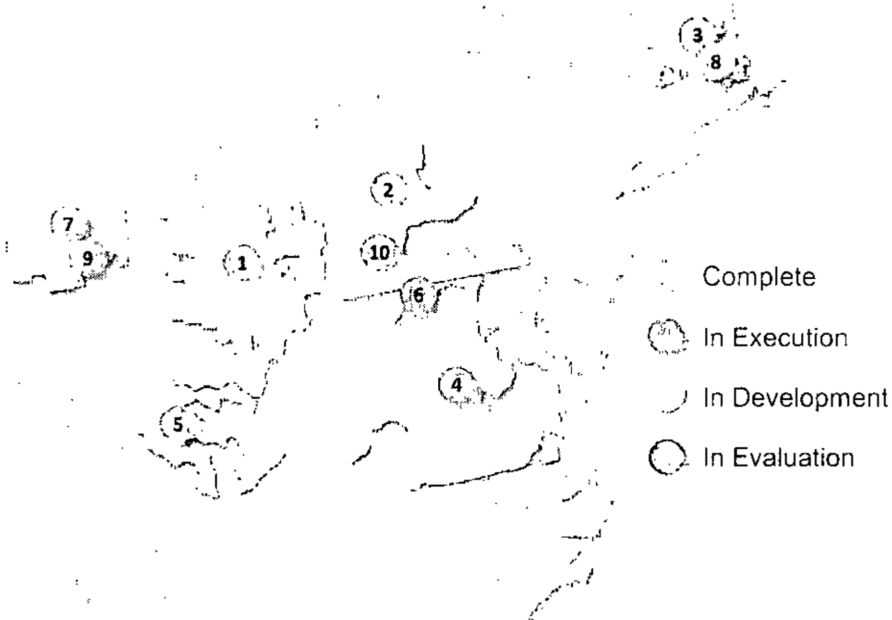
3 **Columbia Gas of Massachusetts** — **$25M - $50M** — **20+ Years**
Tracked: Execution of established Infrastructure Replacement Program; annual tracker filings. program approved in 2009 and expanded in 2013 rate case

4 **Columbia Gas of Virginia** — **$20M - $35M** — **20+ Years**
Tracked: Execution of established Infrastructure Replacement Program: annual tracker filings with 5-year program renewal (next renewal 2017)

5 **Columbia Gas of Kentucky** — **$10M - $15M** — **20+ Years**
Tracked: Execution of established Infrastructure Replacement Program with annual tracker filings

6 **Columbia Gas of Maryland** — **$5M - $10M** — **20+ Years**
Rate Case/Tracked: Execution of established Infrastructure Replacement Program: rate case filings with make whole filings for up to three subsequent years

7 **NIPSCO – Gas** — **$50M - $115M** — **7 Years**
Modernization: SB 560 (80% Tracked / 20% Deferred) – pending approval. The NIPSCO Gas 7-year, ~$700M gas infrastructure replacement plan also contains plans to expand natural gas service into rural areas of Indiana.



Current Regulatory Activity

8 **Columbia Gas of Massachusetts – Rate Case** — **Approved increase $19.3M** — **Effective: March '14**
Filing supports CMA's continued effort to modernize pipeline infrastructure and transform its operations to serve customers safely, reliably and cost-effectively.

9 **NIPSCO – Gas** — **Seven-Year ~$700M Investment Plan** — **Filed: 4Q '13** **Effective: 2014**
NIPSCO filed its 7-year, ~$700M gas infrastructure replacement plan on October 3, 2013. The plan is expected to be approved and implemented during 2014. Once approved NIPSCO will be required to file a rate case within the 7-year period.

10 **Columbia Gas of Pennsylvania – Rate Case** — **Requested Increase: $54M** — **Filed: 1Q '14** **Effective: 4Q '14**
Filing supports CPA's capital investments to enhance pipeline safety initiatives and customer programs. This is the second filing under Act 11, using a forward test-year that extends to 12/31/2015.

NiSource

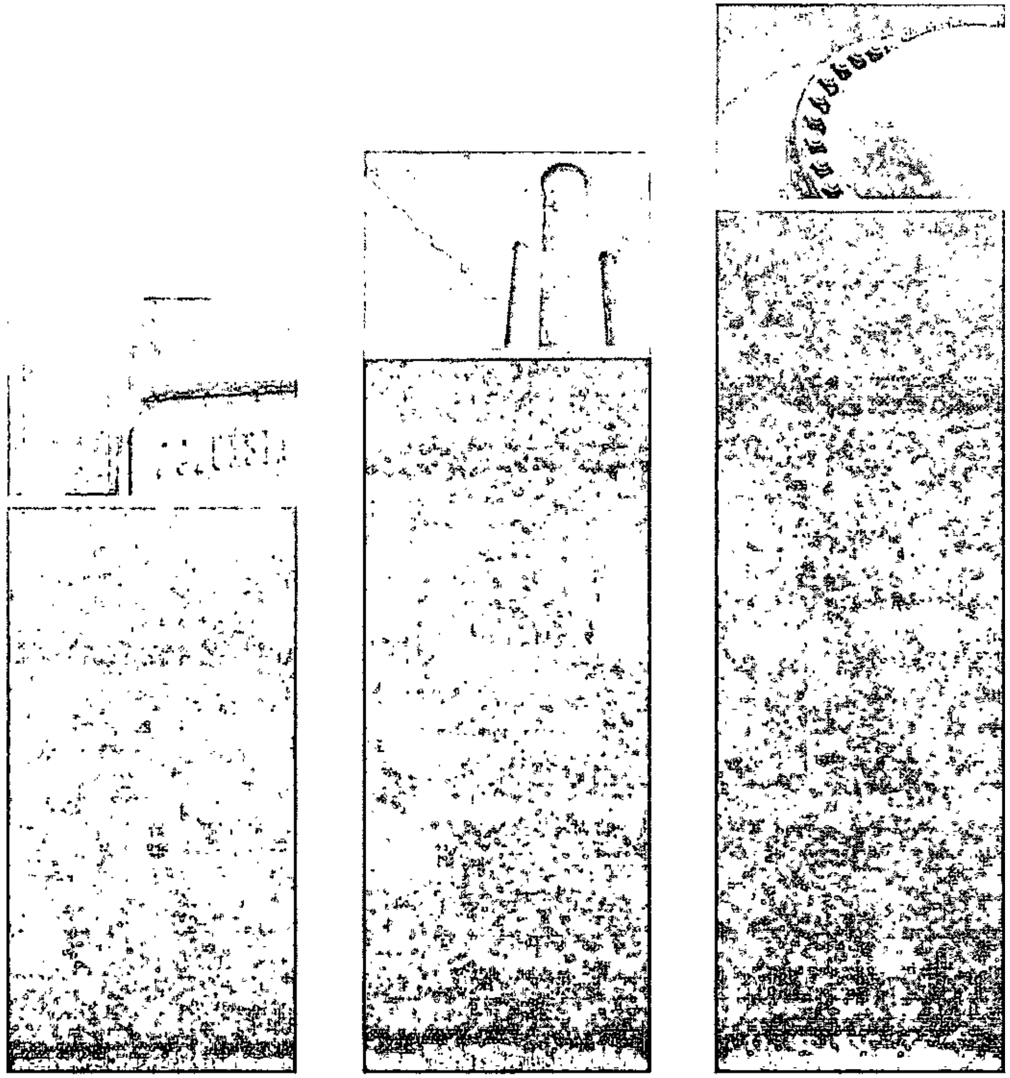
Key Path Forward Markers

		1Q14	2Q14	3Q14	4Q14	1Q15	2Q15	3Q15	4Q15
Liquidity	LT Debt Planned Issuances: (Term: TBD)								
	LT Debt Maturities: $500M (7/2014) / $230M (11/2015)			△					△
	DRIP: ~$50M/year								
Gas Distribution	Columbia Gas of MA – Rate Case (Effective)	△							
	Columbia Gas of PA – Rate Case (Filed / Effective)	△			△				
	NIPSCO Gas – Infrastructure Replacement – SB 560 (Approval of 7-Year Plan / Implementation)		△						
	Infrastructure Replacement Programs (~$350-$450M Per Year)								
Electric	NIPSCO – FGD's: U14, U15, U12 (U14 Completed - 2013 / U15 In-Service / U12 In-Service)				△				△
	Infrastructure Replacement Program – SB 560 (Approval of 7-Year Plan / Implementation)	△							
	MISO Approved Transmission Projects (Planning & Construction / In-Service 2018)								
Columbia Pipeline Group	Giles County (FERC Approval / In-Service)	△			△				
	Pennant NGL Pipeline (In-Service)			△					
	Washington County Gathering (In-Service)							△	
	Warren County Project (In-Service)		△						
	Millennium Pipeline – Expanded Compression (Minisink Completed - 2013 / Hancock In-Service)	△							
	Columbia Gas Modernization (2013 Tracker Implementation / Execution)	△							
	West Side Expansion (In-Service)				△				
	East Side Expansion (In-Service)							△	
	Virginia LNG Facility Upgrade (Phase 1: Completed 2013 / Phase 2 & Phase 3 In-Service)				△				△
	Line 1570 (FERC Approval / In-Service)	△			△				
	Cameron Access Project (In-Service YE 2017)								

Supplemental Slides

Second Quarter 2014 Earnings
July 31, 2014

NiSource®



Forward-Looking Statements

This document contains forward-looking statements within the meaning of federal securities laws. These forward-looking statements are subject to various risks and uncertainties. Factors that could cause actual results to differ materially from the projections, forecasts, estimates and expectations discussed herein include, among other things, weather; fluctuations in supply and demand for energy commodities; growth opportunities for NiSource's businesses; increased competition in deregulated energy markets; the success of regulatory and commercial initiatives; dealings with third parties over whom NiSource has no control; actual operating experience of NiSource's assets; the regulatory process; regulatory and legislative changes; the impact of new environmental laws and regulations; the results of material litigation; changes in pension funding requirements; changes in general economic, capital and commodity market conditions; counter-party credit risk; and the matters set forth in the "Risk Factors" sections in NiSource's most recent Form 10-K and subsequent Forms 10-Q, many of which are beyond the control of NiSource. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this presentation. NiSource expressly disclaims a duty to update any of the forward-looking statements contained in this document.

With regard to Net Operating Earnings Guidance for 2014 – it should be noted that there will likely be differences between net operating earnings and GAAP earnings for matters including, but not limited to, weather, and other factors. NiSource is not able to estimate the impact of such items on GAAP earnings and, as such, is not providing earnings guidance on a GAAP basis.

Key Takeaways – Second Quarter 2014

Continued Execution of NiSource's Infrastructure Investment Strategy

- Financial results on track to deliver at the upper half of 2014 earnings guidance range of $1.61 to 1.71 per share
  - Second quarter earnings per share: $0.25*
- Growing inventory of significant pipeline growth and midstream investments
- Legislative action in Massachusetts supports infrastructure modernization investment
- NIPSCO Gas $700M modernization program approved
- Record $2.2 billion 2014 capital investment program on track

Building Long-Term, Sustainable Growth

** Net Operating Earnings from Continuing Operations (non-GAAP); For a reconciliation to GAAP, see Schedule 1 of the Company's July 31, 2014 Earnings Release*

Second Quarter 2014 Financial Highlights

Results on Track for Upper Half of Full-Year Earnings Guidance Range

Non-GAAP**	Q2 2014*	Q2 2013*	Change*
Net Operating Earnings from Continuing Operations	$77.9	$72.8	$5.1
Net Operating Earnings Per Share	$0.25	$0.23	$0.02
Operating Earnings	$219.1	$194.7	$24.4

GAAP	Q2 2014*	Q2 2013*	Change*
Income from Continuing Operations	$78.5	$72.4	$6.1
Earnings Per Share	$0.25	$0.23	$0.02
Operating Income	$219.6	$194.0	$25.6

* *All results listed in millions, except for EPS;*
** *For a reconciliation to GAAP, see Schedule 1 of the Company's July 31, 2014 Earnings Release*

A Compelling Investment Opportunity

Second Quarter 2014 Financing Highlights

Financial Foundation to Support Robust Capital Investment Program

- Continued strong liquidity position of ~$1.2B as of June 30, 2014
- ~77% of infrastructure investments focused on revenue-generating opportunities
- Total debt to capitalization ~60.6% as of June 30, 2014
- Balanced, transparent approach to funding capital requirements
- Commitment to investment-grade credit, sustainable earnings growth, strong liquidity and a growing dividend

Moody's Baa2 /P2 | S&P BBB- /A3 | Fitch BBB- /F3

Results on Track for Upper Half of Full-Year Earnings Guidance Range

Columbia Pipeline Group – Second Quarter 2014

Project Inventory Expands Further to Support Shale Supply Development

- Operating earnings $103.7M in Q2 2014 vs. $88.8M in Q2 2013*
- $300M/year pipeline modernization program on track
- Warren County project ready for service
- Rayne and Leach XPress projects discussions in advanced stages of development
- WB XPress development activities proceeding well
- 2014 capital investment: ~$825M

Looking Ahead:

Project	Key Components	Status
Utica Access Project	• New pipeline facilities to transport Utica Shale gas into liquid trading points on the Columbia Transmission system • 200 million cubic feet per day • ~$50M investment	• Projected in service by YE 2016
Big Pine Expansion Project	• Additional gathering and compression facilities connected to Big Pine Gathering System • Up to 175 million cubic feet per day	• Currently in advanced discussion with customers • Projected in service Q2 2015
Washington County Gathering Project	• Additional gathering and compression facilities • Long-term gathering agreements in place • Up to 100 million cubic feet per day • ~$120M investment	• Projected in service 2H 2015
Pennant Midstream, LLC NGL Pipeline *50/50 Joint Venture with Harvest Pipeline*	• NGL pipeline in eastern Ohio connecting the Hickory Bend processing facility to the UEO Kensington facility • 90K barrels per day capacity • ~$60M investment (NI: $30M)	• Projected in service Q3 2014
Other In-Progress Growth and Modernization Projects	• Expanding mix of new and ongoing investments to support continued system reliability and shale production • ~$300M in modernization investments in 2014	• Complete details available in Appendix on slides 13-14

** Non-GAAP. For a reconciliation to GAAP, see Schedule 2 of the Company's July 31, 2014 Earnings Release*

Electric Operations – Second Quarter 2014

Modernization Investments Provide Growth, Customer & Economic Benefits

- Operating earnings \$59.8M in Q2 2014 vs. \$58.6M in Q2 2013*
- Environmental, transmission, modernization investments on schedule, on budget
- Energy efficiency program extension requested
- 2014 capital investment: ~\$440M

Looking Ahead:

Highlight	Key Components	Status
Electric System Modernization Program	• Seven-year, ~\$1.1B investment focused on replacing poles, transformers and other related equipment	• Filing approved by IURC on Feb. 17, 2014 • Investments in progress
Electric Generating Plant Environmental Investments	• ~\$850M in total environmental investments • Schahfer Flue Gas Desulfurization (FGD) investments: Units 14 & 15 • Michigan City FGD: Unit 12 • Enhanced mercury and particulate controls (MATS)	• Schahfer Unit 14 in service • Schahfer Unit 15 and Michigan City Unit 12 on schedule, on budget
Electric Transmission System Enhancement – Reynolds to Topeka Project	• 100-mile, 345-kV transmission project • \$250M-\$300M investment • Projected in-service latter part of 2018	• Final route selected • Right of way acquisition in progress
Electric Transmission System Enhancement – Reynolds to Greentown (*Joint Project*)	• ~70-mile, 765-kV transmission project • \$300M-\$400M investment (NIPSCO portion \$150M - \$200M) • Projected in-service latter part of 2018	• Final route selected • Stakeholder outreach continues

* *Non-GAAP. For a reconciliation to GAAP, see Schedule 2 of the Company's July 31, 2014 Earnings Release*

NiSource Gas Distribution – Second Quarter 2014

$10B+ Inventory of Long-Term Infrastructure Investments

- Operating earnings $62.5M in Q2 2014 vs. $51.8M in Q2 2013*
- New Massachusetts legislation supports infrastructure modernization efforts
- NIPSCO Gas seven-year modernization program approved
- 2014 capital investment: ~$785M

Looking Ahead

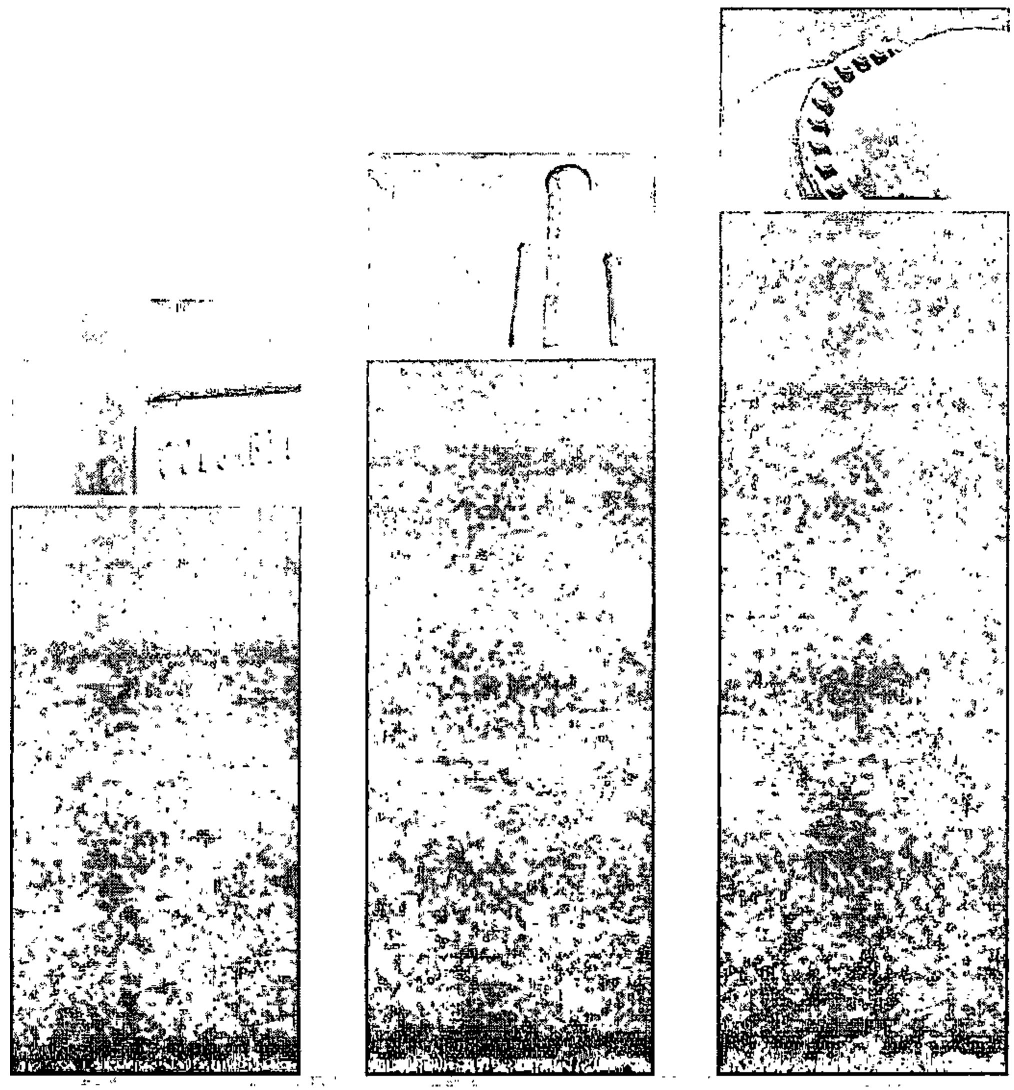
Highlight	Key Components	Status
NIPSCO Natural Gas System Modernization Program	• Seven-year plan focused on system modernization and system extensions to rural customers • ~$700M investment	• Filing approved by IURC on April 30, 2014 • Investments initiated
Columbia Gas of Virginia Base Rate Case	• Filed April 30, 2014 • Requested revenue increase of $25M • Supports multi-year system modernization program	• A decision with rates in effect projected by the end of 2014
Columbia Gas of Pennsylvania Base Rate Case	• Filed March 21, 2014 • Requested revenue increase of ~$54M • Supports continuation of robust infrastructure modernization plans	• A decision with rates in effect projected later this year
Columbia Gas of Virginia Industrial Customer Expansion	• ~$15M growth project to serve major industrial customer • Columbia Gas Transmission will execute a complementary project to interconnect with CGV (~$25M investment)	• On schedule, on budget • Projected in-service late 2014
Infrastructure Modernization Investments	• ~$10B+ long-term program across service territory	• Complete program update outlined in Appendix on slide 16

Non-GAAP. For a Reconciliation to GAAP, See Schedule 2 of the Company's July 31, 2014 Earnings Release

Appendix

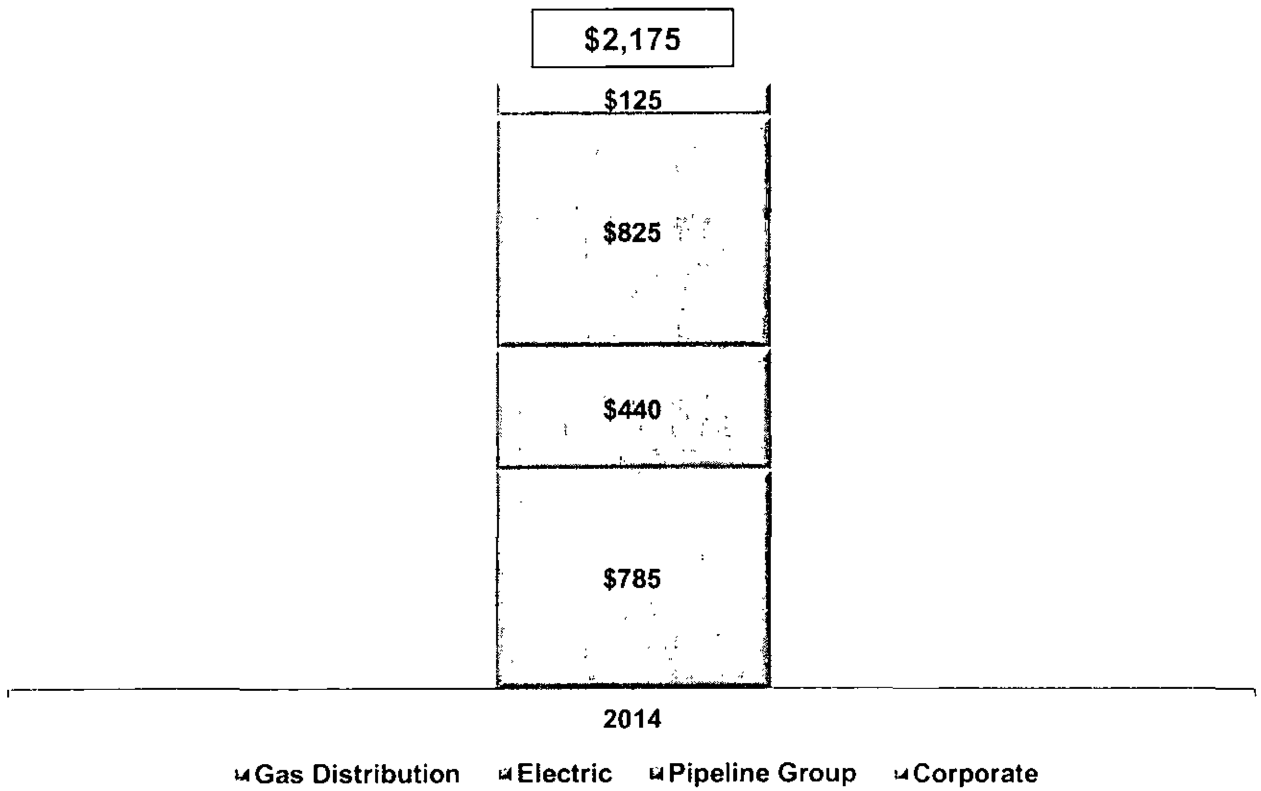
Second Quarter 2014 Earnings
July 31, 2014

NiSource®



Capital Expenditures ($M)

2014 Forecasted CapEx



2014 Growth & Tracker ~$1,675M (77%) and Age & Condition ~$500M (23%)

Capitalization ($M)

Total Debt to Capitalization 60.6% as of 6/30/14

	Actual 6/30/2014			Actual 12/31/2013		
	Debt	Equity	Total	Debt	Equity	Total
Long-Term Debt	$ 7,640.6	$ -	$ 7,640.6	$ 7,593.2	$ -	$ 7,593.2
Short-Term Debt	801.1	-	801.1	433.6	-	433.6
Sale of A/R	300.0	-	300.0	265.1	-	265.1
Current Portion of Long-Term Debt	530.0	-	530.0	542.1	-	542.1
Common Equity	-	6,028.3	6,028.3	-	5,886.6	5,886.6
Total Capitalization Per Balance Sheet	**$ 9,271.7**	**$ 6,028.3**	**$15,300.0**	**$ 8,834.0**	**$ 5,886.6**	**$14,720.6**
% of Capitalization Per Balance Sheet	**60.6%**	**39.4%**	**100.0%**	**60.0%**	**40.0%**	**100.0%**

Moody's Baa2 /P2 • S&P BBB- /A3 • Fitch BBB- /F3

Current Liquidity ($M)

	Actual 6/30/2014	Maturity
Committed Credit Facility	$ 2,000	September 2018
Less:		
Drawn on Credit Facility	-	
Commercial Paper	(801)	
Letters of Credit	(14)	
Add:		
Cash & Equivalents	18	
Net Available Liquidity	**$ 1,203**	

CPG Regulated Pipeline & Storage Growth Update

M **$3B-$4B Opportunity**
Marketing

			In-Service
1	**Millennium**	**~$90M** (NI: $45M)	**2Q '13 & 1Q '14**

Marcellus: Deliver Marcellus supplies to multiple markets with expanded compression at Minisink (+150 MMcf/Day) and Hancock (+175 MMcf/Day)

2 **Warren County** — **~$35M** — **2Q '14**
Gas Generation: Expansion serving Virginia Power's new 1,300 MW plant (250 MMcf/Day)

3 **Virginia LNG Facility** — **~$30M** — **Phase 1: 4Q '13; Phases 2 & 3: '14 - '15**
Facility Upgrade: Multi-phased project over three years to upgrade and maintain service to existing customers. (~120 MMcf/Day)

4 **West Side Expansion** — **~$200M** — **4Q '14**
Marcellus: Transport supply to the Gulf Coast and growing Southeast Markets (~500 MMcf/Day).

5 **East Side Expansion** — **~$275M** — **3Q '15**
Marcellus: Connect northern Marcellus supplies to Northeast and Mid-Atlantic Markets (~315 MMcf/Day)

6 **Giles County** — **~$40M** (CPG $25M - CGV $15M) — **4Q '14**
Gas Conversion: Pipeline extension to serve coal-to-natural gas boiler conversion (~45 MMcf/Day)

7 **Line 1570** — **~$20M** — **4Q '14**
Marcellus: Increased takeaway capacity (~100 MMcf/Day).

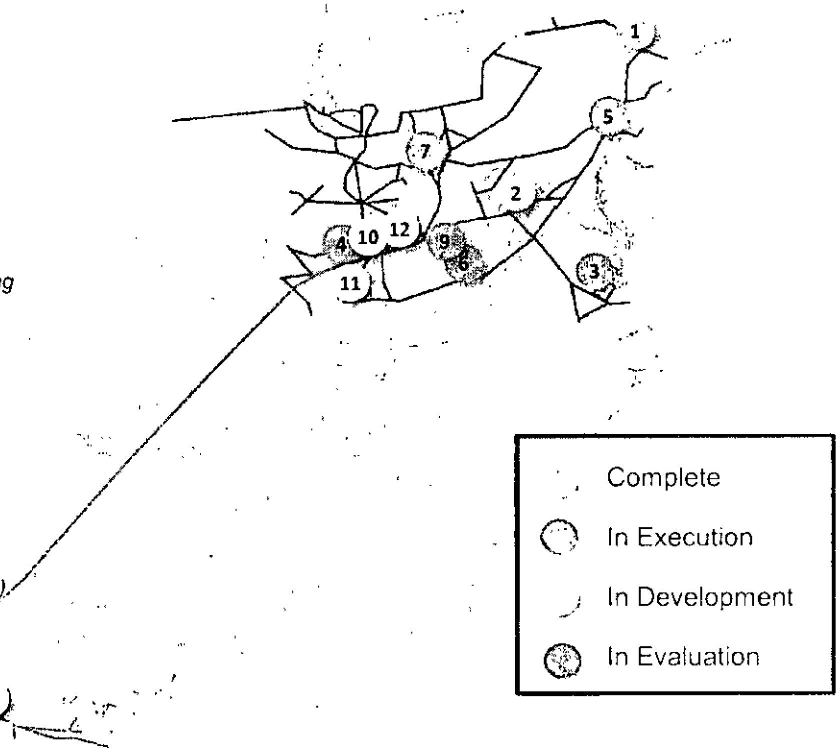
8 **Cameron Access Project** — **~$310M** — **3Q '17**
Transport supplies from numerous basins into Cameron's LNG facility via a new pipeline and additional compression. (~800 MMcf/Day)

9 **Utica Access Project** — **~$50M** — **4Q'16**
Greenfield pipeline to transport growing supply onto existing Columbia Gas line. (~200 MMcf/Day)

10 **Rayne / Leach XPress** — **TBD** — **4Q '17**
Marcellus / Utica: Facilitates transportation of Marcellus and Utica production to markets on Columbia Gas (Leach = ~1.5 Bcf/Day) and Columbia Gulf (Rayne = ~800 MMcf/Day).

11 **Kentucky Power Project** — **~$25M** — **2Q '16**
Gas Conversion: Expansion project to serve gas-fired power plant in Kentucky (~70MMcf/Day).

12 **WB XPress** — **TBD** — **4Q '18**
Marcellus: Expansion to provide supply access to markets on Columbia Gas east towards Loudoun and west towards Leach (~1.3 Bcf/Day).



M **$4B-$5B Opportunity**
Modernization

Columbia Gas Modernization — **$300M/Yr** — **2013 – 2017**
FERC approved (1/2013) - 5 Year settlement agreement (with potential extension provisions) to execute a comprehensive, balanced and transparent pipeline modernization program. The program was approved and initiated in 2013...first year tracker recovery started February 2014

CPG Midstream & Minerals Growth Update

M Midstream — **$1B-$1.5B Opportunity**

			In-Service
13	**Majorsville**	~$85M	3Q '10

Marcellus: Gathers wet gas to processing facility and provides downstream pipeline market access with additional pipeline and compression assets (325 MMcf/Day)

			In-Service
14	**Big Pine Gathering**	~$165M	2Q '13

Marcellus: ~60 Miles of Pipeline with multiple interstate connections (425 MMcf/Day)

			In-Service
15	**Pennant JV – Hickory Bend Gathering/Processing**	~$320M (NI = ~$160M)	4Q '13

Utica: ~45 miles of Pipeline (500 MMcf/Day) and an NGL processing facility (200 MMcf/Day); Pipelines and NGL processing facility complete.

16	**Pennant JV – NGL Pipeline**	~$60M (NI = ~$30M)	3Q '14

Utica: Pipeline development to transport NGLs from the Hickory Bend processing facility to Kensington. Capacity of the gas liquids pipeline is expected to be up to ~90K barrels a day.

17	**Washington County Gathering**	~$120M	2H '15

Marcellus: Greenfield gathering system in Washington County, PA to gather wellhead production.

18	**NMS Interconnects**	~$10M	4Q '14

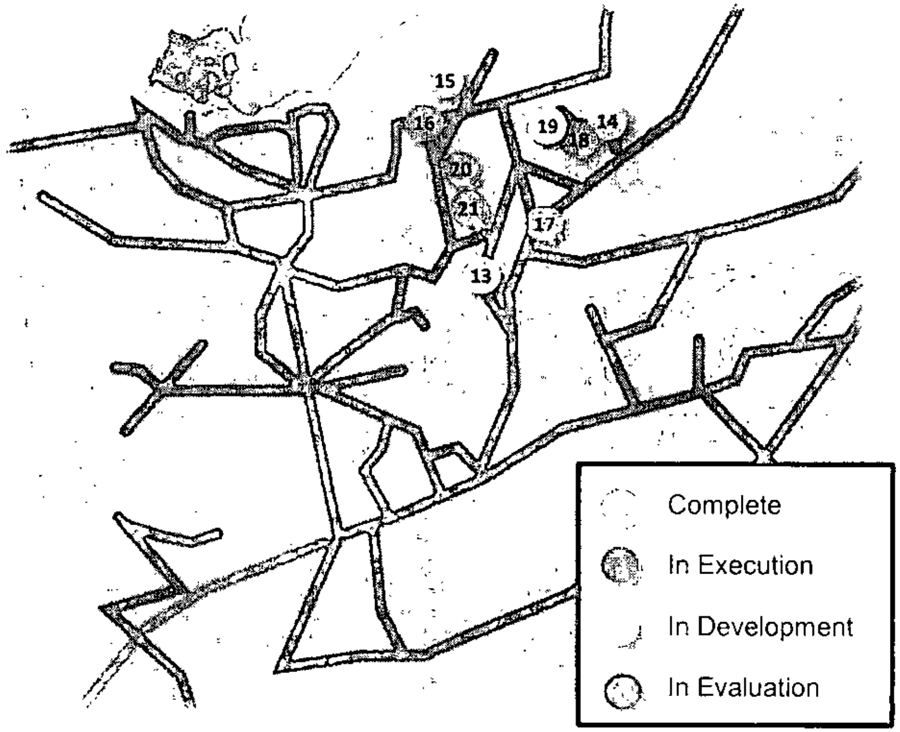
Marcellus: Interconnects along the Big Pine Gathering System to transport new supplies.

19	**Big Pine Expansion**	TBD	2Q '15

Marcellus: A nine mile, 20 inch lateral to Bluestone Processing Plant and incremental compression on Big Pine (~175 MMcf/Day).

20	**Pennant JV – Phase II**	~$300M (NI = ~$150M)	TBD

Utica: Gathering system extension and additional processing facilities.



M Minerals — **Self-Funded Investment**

21	**Utica Minerals Arrangement**	**Executing Drilling Program**

Utica: Joint development with Hilcorp to extract value from a combined acreage of mineral rights – drilling started in 2013. Production volumes dedicated to Pennant JV-Hickory Bend

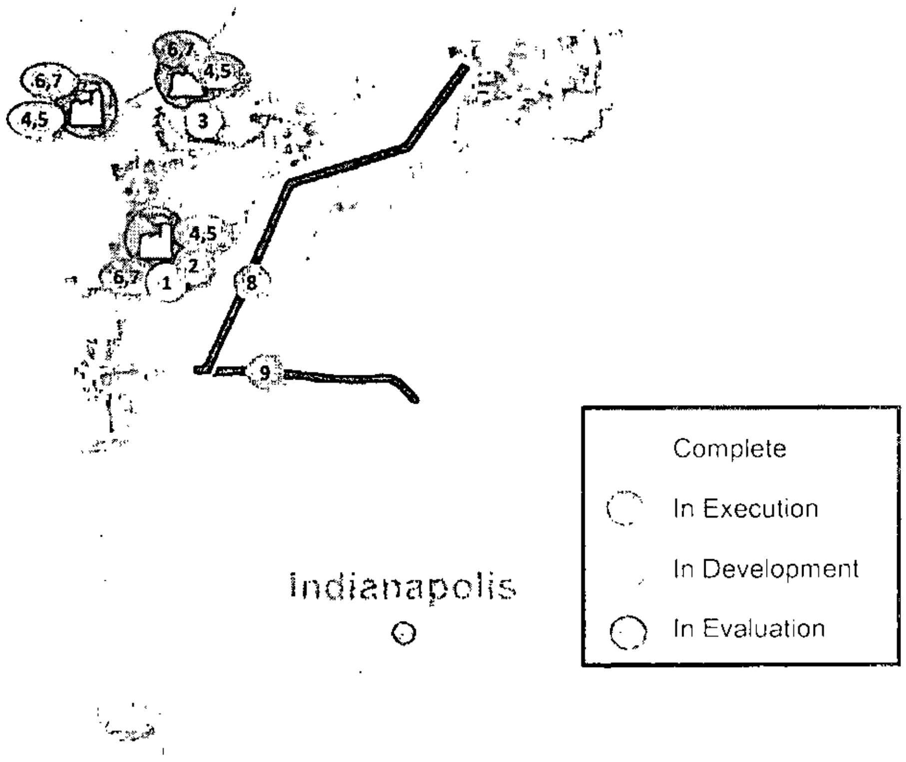
Potential Minerals Opportunities	**Under Evaluation**

Utica: Optimize minerals position in shale region to leverage downstream infrastructure opportunities

Electric Operations Infrastructure Investment Update

Upgrade Generation Fleet ($700M - $1.4B Opportunity)

			In-Service
1	**U14 FGD**	**~$250M**	**YE '13**
	ECRM (Environmental Cost Recovery Mechanism - 100% Tracked) FGD (Flue Gas Desulfurization) facility at Schahfer Generating Station		
2	**U15 FGD**	**~$250M**	**YE'14**
	ECRM (100% Tracked) FGD facility at Schahfer Generating Station		
3	**U12 FGD**	**~$250M**	**YE'15**
	ECRM (100% Tracked) FGD facility at Michigan City Generating Station		
4	**NOx Upgrades**	**~$50M**	**YE'15**
	ECRM (100%Tracked) NOx upgrades and monitoring		
5	**MATS**	**~$60M**	**YE'13/YE'14/YE'15**
	ECRM (100%Tracked) projects enhancing mercury and particulate controls at all coal plants		
6	**Water Treatment**	**$25M - $130M**	**YE'17/YE'18**
	Environmental: SB 251 (80% Tracked / 20% Deferred) projects enhancing wastewater treatment at all coal plants and water intake modifications at Bailly Station		
7	**Coal Ash Improvements**	**$100M - $300M**	**TBD**
	Environmental: SB 251 (80% Tracked / 20% Deferred) projects upgrading ash handling and disposal at all coal plants		



Infrastructure Modernization Program ($3B - $4B Opportunity)

NIPSCO Electric Distribution & Transmission Modernization — **7-Year Investment ~$1.1B** — **Approved / Implemented: 2014**

Modernization: SB 560 (80% Tracked / 20% Deferred) NIPSCO is implementing year 1 of its 7-year, ~$1.1B electric infrastructure replacement plan. The plan was approved by the IURC on February 17, 2014 and requires NIPSCO to file a rate case within seven years.

Enhance Transmission System ($500M - $1.0B Opportunity)

8 **Reynolds-Topeka** — **$250M - $300M** — **2H 2018**

MISO MVP: FERC approved 345-kV transmission project from Reynolds Substation to Hiple Substation (100 miles) – route determination complete...right-of-way acquisition and permitting activities continue.

9 **Greentown-Reynolds** — **$300M - 400M (NI: $150M – $200M)** — **2H 2018**

MISO MVP – partnership: FERC approved 765-kV transmission project from Reynolds Substation to Greentown Substation (~70 miles) – route determination complete...right-of way acquisition to begin soon.

NGD Infrastructure Investment Update

Infrastructure Modernization Programs ($10B+ Opportunity)

<u>Annual Investment</u>

1 **Columbia Gas of Ohio** — $150M - $200M — 20+ Years
Tracked: Execution of established Infrastructure Replacement Program; annual tracker filings with 5-year program renewal (next renewal 2018)

2 **Columbia Gas of Pennsylvania** — $100M - $150M — 20+ Years
Rate Case/Tracked: Execution of established Infrastructure Replacement Program; recovery utilizes forward test year rate case filings supplemented by periodic DSIC filings under Act 11

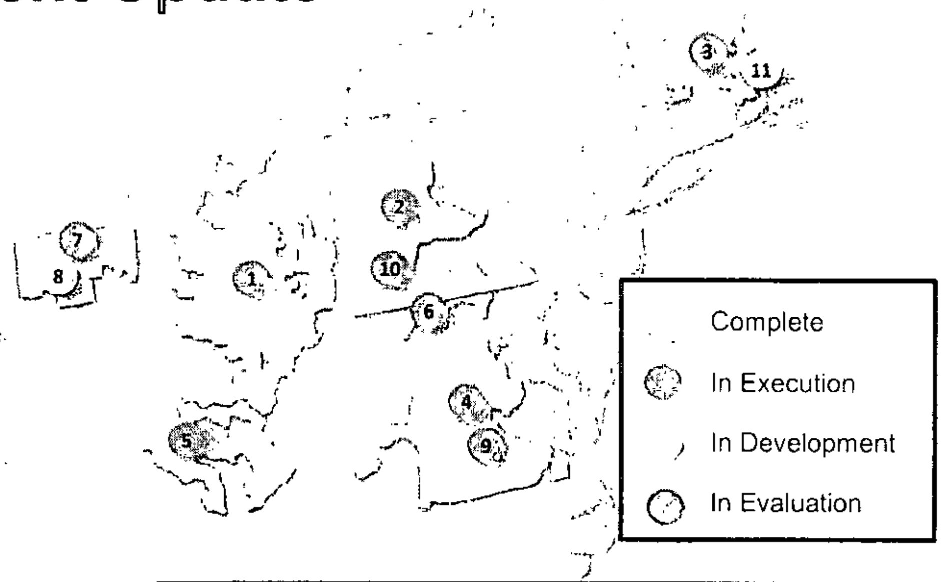
3 **Columbia Gas of Massachusetts** — $25M - $50M — 20+ Years
Tracked: Execution of established Infrastructure Replacement Program; annual tracker filings, program approved in 2009 and expanded in 2013 rate case

4 **Columbia Gas of Virginia** — $20M - $35M — 20+ Years
Tracked: Execution of established Infrastructure Replacement Program; annual tracker filings with 5-year program renewal (next renewal 2017)

5 **Columbia Gas of Kentucky** — $10M - $15M — 20+ Years
Tracked: Execution of established Infrastructure Replacement Program with annual tracker filings

6 **Columbia Gas of Maryland** — $5M - $10M — 20+ Years
Rate Case/Tracked: Execution of established Infrastructure Replacement Program; rate case filings with make whole filings for up to three subsequent years

7 **NIPSCO – Gas** — $50M - $115M — 7 Years
Modernization: SB 560 (80% Tracked / 20% Deferred). The NIPSCO Gas 7-year, ~$700M gas infrastructure replacement plan also contains plans to expand natural gas service into rural areas of Indiana. The plan was approved by the IURC on April 30, 2014.



Current Regulatory Activity

8 **NIPSCO – Gas** — **Seven-Year ~$700M Investment Plan** — **Effective: April '14**
NIPSCO's ~$700M gas infrastructure replacement plan.

9 **Columbia Gas of Virginia – Rate Case** — **Requested Increase: $25M** — **Filed: 2Q '14 Effective: 3Q '14**
Filing supports CGV's capital investments associated with a multi-year gas distribution modernization program.

10 **Columbia Gas of Pennsylvania – Rate Case** — **Requested Increase: $54M** — **Filed: 1Q '14 Effective: 4Q '14**
Filing supports CPA's capital investments to enhance pipeline safety initiatives and customer programs. This is the second filing under Act 11, using a forward test-year that extends to 12/31/2015.

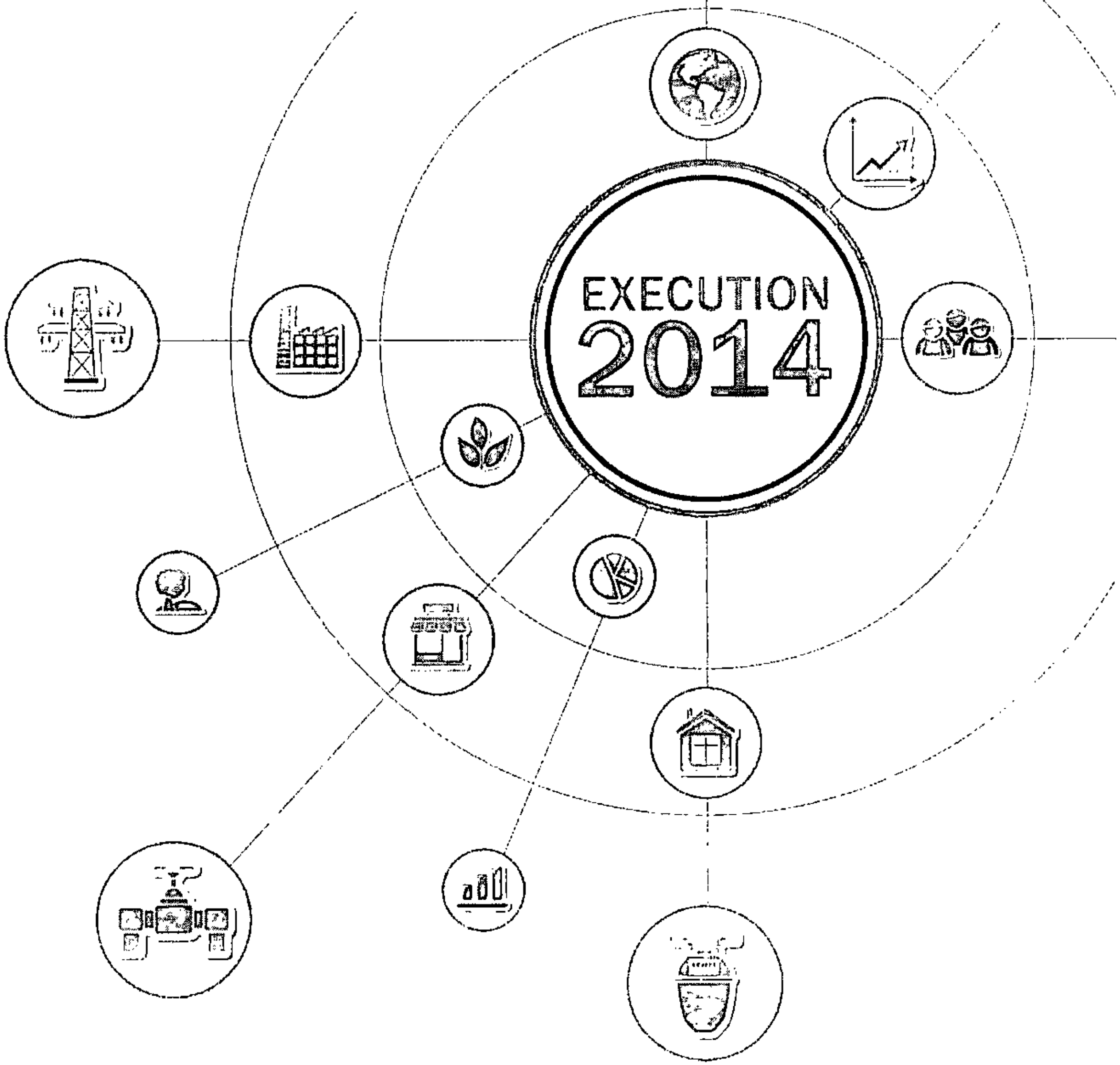
11 **Columbia Gas of Massachusetts – Infrastructure Filing** — **TBD** — **TBD**
CMA plans to file an infrastructure plan under the provision of House Bill 4164 by October 31, 2014 with an anticipated effective date of May 1, 2015.

Key Path Forward Markers

		1Q14	2Q14	3Q14	4Q14	1Q15	2Q15	3Q15	4Q15
Liquidity	LT Debt Planned Issuances: (Term: TBD)								
	LT Debt Maturities: $500M (7/2014) / $230M (11/2015)								
	DRIP: ~$50M/year								
Gas Distribution	Columbia Gas of MA – Rate Case (Effective)								
	Columbia Gas of PA – Rate Case (Filed / Effective)								
	Columbia Gas of VA – Rate Case (Filed / Effective)								
	NIPSCO Gas – Infrastructure Replacement – SB 560 (Approval of 7-Year Plan / Implementation)								
	Infrastructure Replacement Programs (~$350-$450M Per Year)								
Electric	NIPSCO – FGD's: U14, U15, U12 (U14 Completed - 2013 / U15 In-Service / U12 In-Service)								
	Infrastructure Replacement Program – SB 560 (Approval of 7-Year Plan / Implementation)								
	MISO Approved Transmission Projects (Planning & Construction / In-Service 2018)								
Columbia Pipeline Group	Giles County (FERC Approval / In-Service)								
	Pennant NGL Pipeline (In-Service)								
	Washington County Gathering (In-Service)								
	Warren County Project (In-Service)								
	Millennium Pipeline – Expanded Compression (Minisink Completed - 2013 / Hancock In-Service)								
	Columbia Gas Modernization (2013 Tracker Implementation / Execution)								
	West Side Expansion (In-Service)								
	East Side Expansion (In-Service)								
	Virginia LNG Facility Upgrade (Phase 1: Completed 2013 / Phase 2 & Phase 3: In-Service)								
	Line 1570 (FERC Approval / In-Service)								
	NMS Interconnects (In-Service)								
	Utica Access Project (FERC Approval 1Q 2016 / In-Service 4Q 2016)								

Supplemental Slides

Third Quarter 2014 Earnings



October 30, 2014

NiSource®

Forward-Looking Statements

This presentation contains forward-looking statements within the meaning of federal securities laws. These forward-looking statements are subject to various risks and uncertainties. Examples of forward-looking statements in this presentation include statements and expectations regarding future dividends, operating earnings growth, EBITDA growth, earnings per share growth, capital investments, net investment/rate base growth, financing needs and plans, investment opportunities and the planned separation of our natural gas pipeline and related businesses. Factors that could cause actual results to differ materially from the projections, forecasts, estimates and expectations discussed in these presentations include, among other things, the timing to consummate the transactions described herein; the risk that a condition to consummation is not satisfied; disruption to operations as a result of the proposed transactions; the inability of one or more of the businesses to operate independently following the completion of the proposed transactions; weather; fluctuations in supply and demand for energy commodities; growth opportunities for NiSource's businesses; increased competition in deregulated energy markets; the success of regulatory and commercial initiatives; dealings with third parties over whom NiSource has no control; actual operating experience of NiSource's assets; the regulatory process; regulatory and legislative changes; changes in general economic, capital and commodity market conditions; and counter-party credit risk, and the matters described in the "Risk Factors" section of the Form S-1 filed by Columbia Pipeline Partners LP and the matters described in the "Risk Factors" section in NiSource's 2013 Form 10-K, and subsequent NiSource filings on Form 10-Q, many of which are beyond the control of NiSource. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this presentation. NiSource expressly disclaims any duty to update any of the forward-looking statements contained in these presentations.

The planned separation of our natural gas pipeline and related businesses is subject to the satisfaction of a number of conditions, including the final approval of NiSource's Board of Directors. There is no assurance that such a separation will in fact occur.

With regard to Net Operating Earnings Guidance for 2014 – it should be noted that there will likely be differences between net operating earnings and GAAP earnings for matters including, but not limited to, weather, and other factors. NiSource is not able to estimate the impact of such items on GAAP earnings and, as such, is not providing earnings guidance on a GAAP basis.

Key Takeaways – Third Quarter 2014

Infrastructure Investment Strategy Drives Continued Growth

- Financial results on plan for quarter and on track to deliver at the upper half of 2014 guidance range of $1.61 to $1.71 per share
  - Year-to-date earnings per share: $1.21*
- Record $2.2 billion 2014 capital investment program on track
- NiSource/Columbia Pipeline Group separation on track
  - Expected tax-free and value creating with no adverse impact on ongoing operations
  - Both companies expected to have investment-grade credit ratings
  - Separation expected to be completed in mid-2015
- Columbia Pipeline Partners LP registration statement filed on Sept. 29

Long-term Expected Investment Inventory Now $42 to $45 Billion

** Net Operating Earnings from Continuing Operations (non-GAAP); For a reconciliation to GAAP, see Schedule 1 of the Company's Oct. 30, 2014 Earnings Release*

Third Quarter 2014 Financial Highlights

Results on Track for Upper Half of Full-Year Earnings Guidance Range

Non-GAAP**	Q3 2014*	Q3 2013*	Change*
Net Operating Earnings from Continuing Operations ($M)	$45.5	$57.1	($11.6)
Net Operating Earnings Per Share	$0.14	$0.18	($0.04)
Operating Earnings ($M)	$180.3	$183.7	($3.4)

GAAP	Q3 2014*	Q3 2013*	Change*
Income from Continuing Operations ($M)	$31.5	$49.5	($18.0)
Earnings Per Share	$0.10	$0.16	($0.06)
Operating Income ($M)	$157.8	$176.4	($18.6)

A Compelling Investment Opportunity

* *All results listed in millions, except for EPS;*

** *For a reconciliation to GAAP, see Schedule 1 of the Company's Oct. 30, 2014 Earnings Release*

NiSource

Third Quarter 2014 Financing Highlights

Financial Foundation to Support Robust Capital Investment Program

- Continued strong liquidity position of ~$900M as of Sept. 30, 2014
- ~76% of infrastructure investments focused on revenue-generating opportunities
- Total debt to capitalization ~62% as of Sept. 30, 2014
- Balanced, transparent approach to funding capital requirements
- Commitment to investment-grade credit, sustainable earnings growth, strong liquidity and a growing dividend

Moody's Baa2 /P2 | S&P BBB- /A3 | Fitch BBB- /F3

Results on Track for Upper Half of Full-Year Earnings Guidance Range

Columbia Pipeline Group – Third Quarter 2014

Expected Investment Inventory of $12 to $15 Billion Over 10 Years

- Operating Earnings $94.4M in Q3 2014 vs. $98.7M in Q3 2013*
- ~$330M modernization cost-recovery filing planned for 2014 investments
- West Side Expansion, Giles County projects placed in service on time and on budget this October
- Encouraging interest for Mountaineer XPress project
- 2014 Capital investment: ~$830M

Looking Ahead:

Project	Key Components	Status
Leach XPress & Rayne XPress Projects	• Major new pathway for Marcellus and Utica Shale production with new facilities in Ohio and West Virginia • ~1.5 billion cubic feet per day on Columbia Transmission • ~1 billion cubic feet per day on Columbia Gulf • ~$1.75B investment	• Projected in service Q4 2017
WB XPress Project	• Access to East Coast markets, including Cove Point LNG export terminal • ~1.3 billion cubic feet per day • ~$870M investment	• Expected to clear remaining conditions during Q4 2014 • Projected in service Q4 2018
Big Pine Expansion Project	• Additional gathering and compression facilities connected to Big Pine Gathering System • Up to 175 million cubic feet per day • ~$65M investment	• Projected in service Q3 2015
Washington County Gathering Project	• Additional gathering and compression facilities • Long-term gathering agreements in place • ~$120M investment	• Projected in service by YE 2015, with additional expansion as production increases
Other In-Progress Growth and Modernization Projects	• Expanding mix of new and ongoing investments to support continued system reliability and shale production	• Complete details available in Appendix on slides 13-14

* *Non-GAAP. For a reconciliation to GAAP, see Schedule 2 of the Company's Oct. 30, 2014 Earnings Release*

Electric Operations – Third Quarter 2014

~$10B Inventory of Expected Long-Term Infrastructure Investments

- Operating Earnings $90.2M in Q3 2014 vs. $90.5M in Q3 2013*
- FGD on Schahfer Unit 15 to be placed in service by the end of 2014
- Right of way acquisition in progress for both electric transmission projects
- 2014 Capital investment: ~$425M

Looking Ahead:

Highlight	Key Components	Status
Electric System Modernization Program	• Seven-year, ~$1.1B investment focused on replacing poles, transformers and other related equipment	• Filing approved by IURC on Feb. 17, 2014 • Investments in progress
Electric Generating Plant Environmental Investments	• ~$850M in total environmental investments • Schahfer Flue Gas Desulfurization (FGD) investments: Units 14 & 15 • Michigan City FGD: Unit 12 • Enhanced mercury and particulate controls (MATS)	• Schahfer Unit 14 in service • Schahfer Unit 15 in service by YE 2014 • Michigan City Unit 12 on plan
Electric Transmission System Enhancement – Reynolds to Topeka Project	• 100-mile, 345-kV transmission project • $250M-$300M investment • Projected in-service latter part of 2018	• Final route selected • Right of way acquisition in progress • Stakeholder outreach continues
Electric Transmission System Enhancement – Reynolds to Greentown *(Joint Project)*	• ~70-mile, 765-kV transmission project • $300M-$400M investment (NIPSCO portion $150M-$200M) • Projected in-service latter part of 2018	• Final route selected • Right of way acquisition in progress • Stakeholder outreach continues
Long-term Infrastructure Investments	• ~$10B expected long-term program, including system modernization, environmental upgrades and transmission projects	• Complete program update outlined in Appendix on slide 15

** Non-GAAP. For a reconciliation to GAAP, see Schedule 2 of the Company's Oct. 30, 2014 Earnings Release*

NiSource Gas Distribution – Third Quarter 2014

~$20B+ Inventory of Expected Long-Term Infrastructure Investments

- Operating Earnings $1.0M in Q3 2014 vs. loss of ($0.5M) in Q3 2013*
- Virginia's industrial customer expansion ready for service
- NIPSCO Gas modernization seven-year investment now targeted at ~$860M
- 2014 Capital investment: ~$825M

Looking Ahead

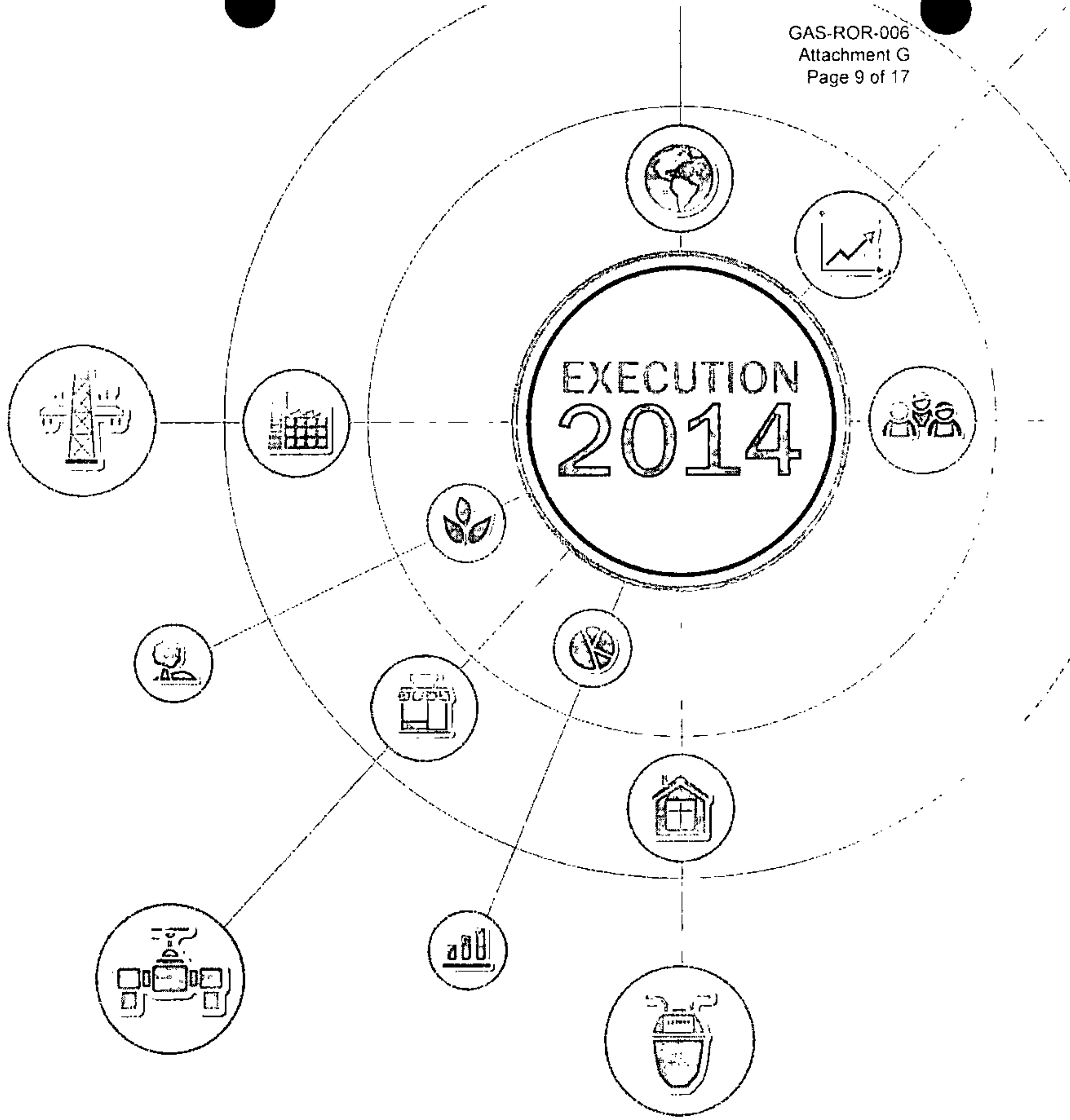
Highlight	Key Components	Status
Columbia Gas of Massachusetts Priority Pipe Replacement Plan	• Recovery of planned 2015 investments targeted to begin on May 1, 2015 • Legislation authorizing accelerated recovery of infrastructure modernization investments took effect on June 26	• 2015 plan to be filed with the PUC on Oct. 31, 2014
Columbia Gas of Pennsylvania Base Rate Case	• Settlement proposed revenue increase of ~$33M • Supports continuation of robust infrastructure modernization plans	• Settlement filed Sept. 5 • Decision expected by YE 2014
Columbia Gas of Virginia Base Rate Case	• Filed April 30, 2014 • Requested revenue increase of $25M • Supports multi-year system modernization program, growth and safety investments	• A decision is expected in Q1 2015
NIPSCO Natural Gas System Modernization Program	• Seven-year plan focused on system modernization and system extensions to rural customers • ~$860M investment, up from the initial $710M approved	• Original filing approved by IURC on April 30, 2014 • Investments initiated
Infrastructure Modernization Investments	• ~$20B+ expected long-term program across service territory	• Complete program update outlined in Appendix on slide 16

* *Non-GAAP. For a Reconciliation to GAAP. See Schedule 2 of the Company's Oct. 30, 2014 Earnings Release*

Appendix

Third Quarter 2014 Earnings

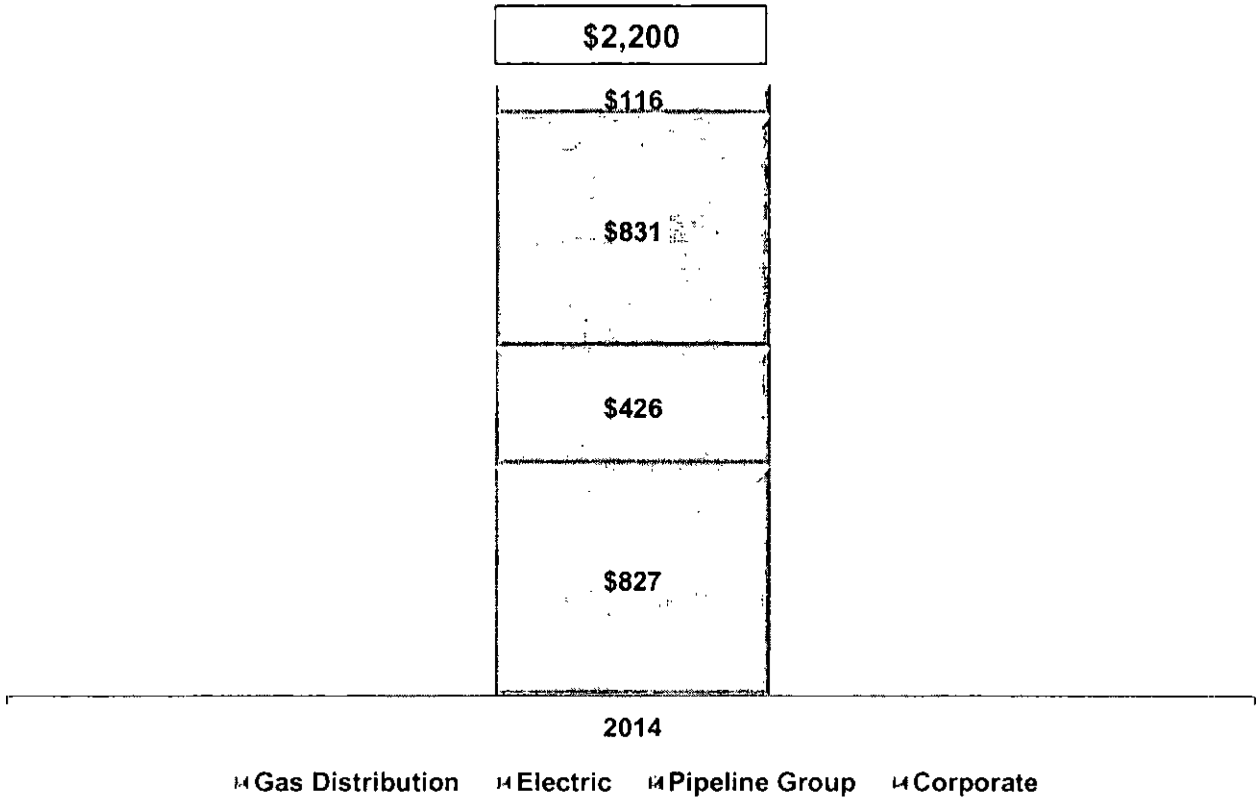
October 30, 2014



NiSource®

Capital Expenditures ($M)

2014 Forecasted CapEx



2014 Growth & Tracker ~$1,670M (76%) and Age & Condition ~$530M (24%)

Capitalization ($M)

Total Debt to Capitalization 61.8% as of 9/30/14

	Actual 9/30/2014			Actual 12/31/2013		
	Debt	Equity	Total	Debt	Equity	Total
Long-Term Debt	$ 8,397.4	$ -	$ 8,397.4	$ 7,593.2	$ -	$ 7,593.2
Short-Term Debt	1,105.3	-	1,105.3	433.6	-	433.6
Sale of A/R	205.8	-	205.8	265.1	-	265.1
Current Portion of Long-Term Debt	18.7	-	18.7	542.1	-	542.1
Common Equity	-	6,007.3	6,007.3	-	5,886.6	5,886.6
Total Capitalization Per Balance Sheet	**$ 9,727.2**	**$ 6,007.3**	**$15,734.5**	**$ 8,834.0**	**$ 5,886.6**	**$14,720.6**
% of Capitalization Per Balance Sheet	**61.8%**	**38.2%**	**100.0%**	**60.0%**	**40.0%**	**100.0%**

Moody's Baa2 /P2 • S&P BBB- /A3 • Fitch BBB- /F3

NiSource

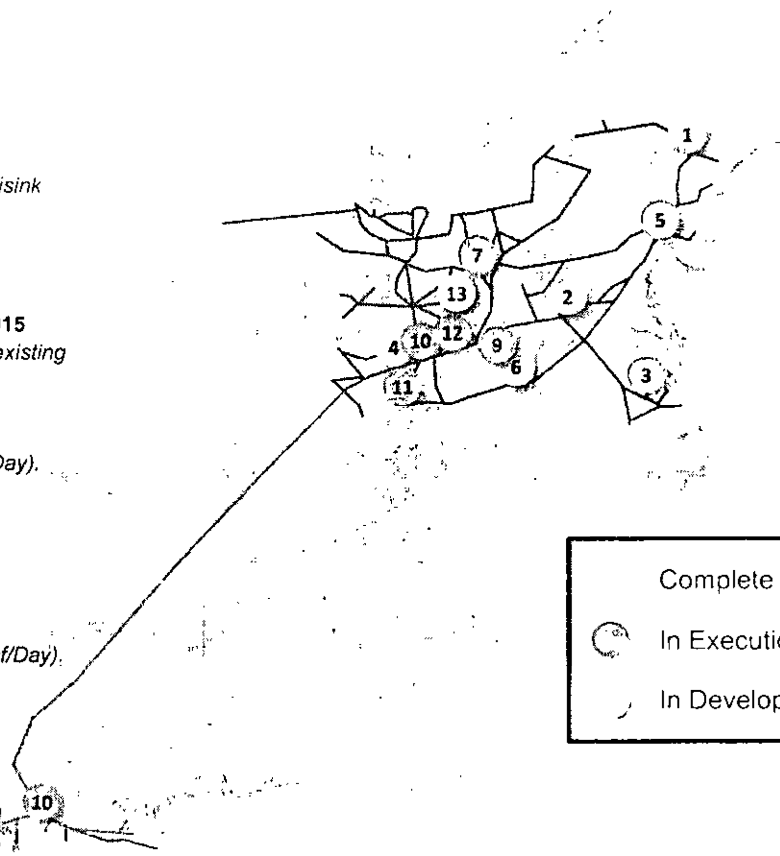
Current Liquidity ($M)

	Actual 9/30/14	Maturity
Committed Credit Facility	$ 2,000	September 2018
Less:		
Drawn on Credit Facility	-	
Commercial Paper	(1,105)	
Letters of Credit	(15)	
Add:		
Cash & Equivalents	18	
Net Available Liquidity	**$ 898**	

CPG Regulated Pipeline & Storage Growth Update

M Marketing — **~$7-9B Opportunity (10 Years)**

Project	CapEx	In-Service
1 **Millennium**	~$90M (NI: $45M)	2Q '13 & 1Q '14
Marcellus: Deliver Marcellus supplies to multiple markets with expanded compression at Minisink (+150 MMcf/Day) and Hancock (+175 MMcf/Day)		
2 **Warren County**	~$35M	2Q '14
Gas Generation: Expansion serving Virginia Power's new 1,300 MW plant (250 MMcf/Day)		
3 **Chesapeake LNG**	~$35M	Three Phases: 2013 - 2015
Facility Upgrade: Multi-phased project over three years to upgrade and maintain service to existing customers. (~120 MMcf/Day)		
4 **West Side Expansion**	~$200M	4Q '14
Marcellus: Transport supply to the Gulf Coast and growing Southeast Markets (~500 MMcf/Day).		
5 **East Side Expansion**	~$275M	3Q '15
Marcellus: Connect northern Marcellus supplies to Northeast and Mid-Atlantic Markets (~315 MMcf/Day)		
6 **Giles County**	~$40M (CPG $25M - CGV $15M)	4Q '14
Gas Conversion: Pipeline extension to serve coal-to-natural gas boiler conversion (~45 MMcf/Day).		
7 **Line 1570**	~$20M	4Q '14
Marcellus: Increased takeaway capacity (~100 MMcf/Day).		
8 **Cameron Access Project**	~$310M	1Q '18
Transport supplies from numerous basins into Cameron's LNG facility via a new pipeline and additional compression. (~800 MMcf/Day).		
9 **Utica Access Project**	~$50M	4Q'16
Greenfield pipeline to transport growing supply onto existing Columbia Gas line. (~200 MMcf/Day)		
10 **Rayne / Leach XPress**	~$1.75B (Rayne $330M - Leach $1.4B)	4Q '17
Marcellus / Utica: Facilitates transportation of Marcellus and Utica production to markets on Columbia Gas (Leach = ~1.5 Bcf/Day) and Columbia Gulf (Rayne = ~1.0 Bcf/Day).		
11 **AEP Big Sandy**	~$25M	2Q '16
Gas Conversion. Expansion project to serve gas-fired power plant in Kentucky (~70MMcf/Day).		
12 **WB XPress**	~$870M	4Q '18
Marcellus / Utica: Incremental transport capacity to move growing production to various markets across CPG's footprint (~1.3 Bc/Day).		
13 **Mountaineer XPress**	TBD	TBD
Marcellus / Utica: Incremental capacity from Noble County, OH via Leach Xpress header (~750MMcf/Day to ~2.5 Bcf/Day).		



Complete

In Execution

In Development

M Modernization — **~$4-5B Opportunity (10-15 Years)**

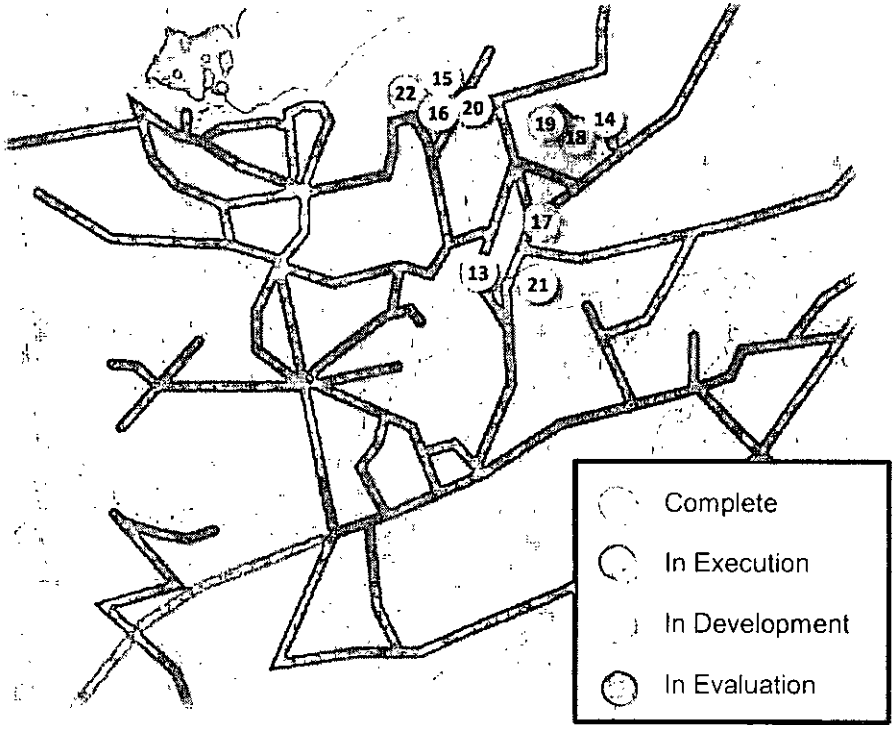
Project	CapEx	In-Service
Columbia Gas Modernization	$300M/Yr	2013 – 2017

FERC approved (1/2013) - 5 Year settlement agreement (with potential extension provisions) to execute a comprehensive, balanced and transparent pipeline modernization program. The program was approved and initiated in 2013...first year tracker recovery started February 2014.

CPG Midstream & Minerals Growth Update

M Midstream — ~$2B Opportunity (10 Years)

	Project	CapEx	In-Service
13	**Majorsville**	~$85M	3Q '10
	Marcellus: Gathers wet gas to processing facility and provides downstream pipeline market access with additional pipeline and compression assets (~325 MMcf/Day)		
14	**Big Pine Gathering**	~$165M	2Q '13
	Marcellus: ~60 Miles of Pipeline with multiple interstate connections (~425 MMcf/Day)		
15	**Pennant JV – Hickory Bend Gathering/Processing**	~$330M (NI = ~$165M)	4Q'13 & 2Q'14
	Utica: ~45 miles of Pipeline (500 MMcf/Day) and an NGL processing facility (200 MMcf/Day); Pipelines and NGL processing facility complete.		
16	**Pennant JV – NGL Pipeline**	~$60M (NI = ~$30M)	4Q '14
	Utica: Pipeline development to transport NGLs from the Hickory Bend processing facility to Kensington. Capacity of the gas liquids pipeline is expected to be up to ~90K barrels a day.		
17	**Washington County Gathering**	~$120M	Two Phases: 2015 - 2018
	Marcellus: Greenfield gathering system in Washington County, PA to gather wellhead production.		
18	**NMS Interconnects**	~$10M	4Q '14
	Marcellus: Interconnects along the Big Pine Gathering System to transport new supplies.		
19	**Big Pine Expansion**	~$65M	3Q '15
	Marcellus: A nine mile, 20 inch lateral to Bluestone Processing Plant and incremental compression on Big Pine (~175 MMcf/Day).		
20	**Pennant JV – Phase II**	~$500M (NI = ~$250M)	2015 - 2018
	Utica: Gathering system expansion and additional processing facilities.		
21	**Appalachia G&P**	~$500M	2016 - 2018
	Marcellus / Utica: Gathering systems and processing facilities.		



M Minerals — Self-Funded Investment

22 **Utica Minerals Arrangement** — **Executing Drilling Program**
Utica: Joint development with Hilcorp to extract value from a combined acreage of mineral rights – drilling started in 2013. Production volumes dedicated to Pennant JV-Hickory Bend

Potential Minerals Opportunities — **Under Evaluation**
Utica: Optimize minerals position in shale region to leverage downstream infrastructure opportunities

Electric Operations Infrastructure Investment Update

Upgrade Generation Fleet (~$2B Opportunity)

	Project	CapEx	In-Service
1	**U14 FGD**	**~$250M**	**YE '13**
	ECRM (Environmental Cost Recovery Mechanism - 100% Tracked) FGD (Flue Gas Desulfurization) facility at Schahfer Generating Station		
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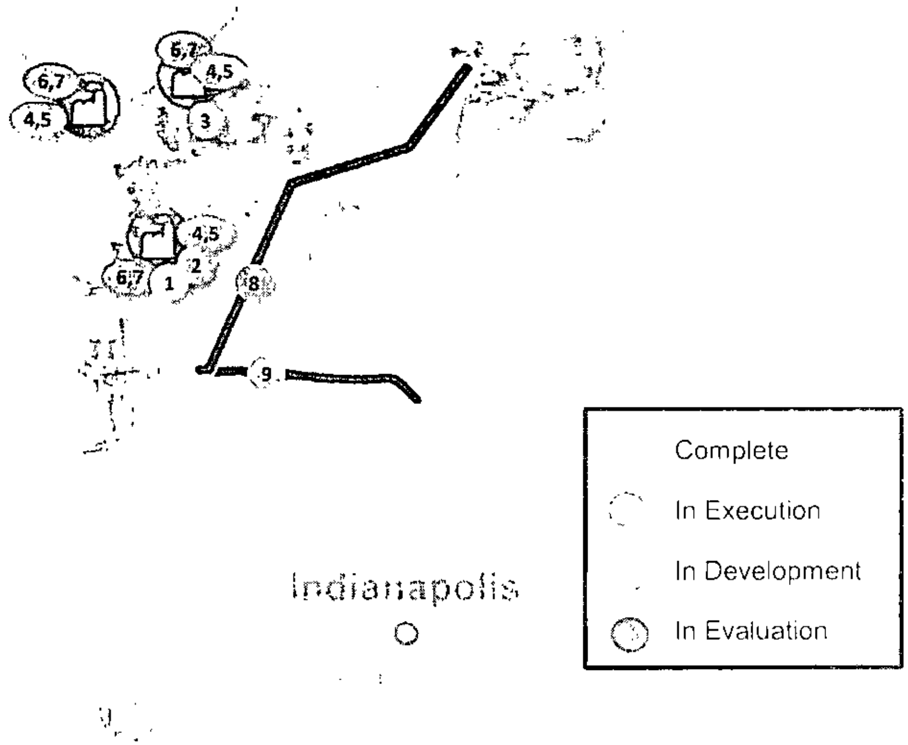
5	**MATS**	**~$60M**	**YE'13/YE'14/YE'15**
	ECRM (100%Tracked) projects enhancing mercury and particulate controls at all coal plants		
6	**Water Treatment**	**$25M - $130M**	**YE'18/YE'19/YE'20**
	Environmental: SB 251 (80% Tracked / 20% Deferred) projects enhancing wastewater treatment at all coal plants and water intake modifications at Bailly Station		
7	**Coal Ash Improvements**	**$100M - $300M**	**TBD**
	Environmental: SB 251 (80% Tracked / 20% Deferred) projects upgrading ash handling and disposal at all coal plants		

Infrastructure Modernization Program (~$7B Opportunity)

NIPSCO Electric Distribution & Transmission Modernization	**7-Year Investment ~$1.1B**	**Approved / Implemented: 2014**

Modernization: SB 560 (80% Tracked / 20% Deferred) NIPSCO is implementing year 1 of its 7-year, ~$1.1B electric infrastructure replacement plan. The plan was approved by the IURC in February 2014 and requires NIPSCO to file a rate case within seven years. In August 2014, NIPSCO filed its first semi-annual tracker as required by SB 560, reaffirming its commitment to the $1.1B capital investment level.



Enhance Transmission System (~$1B Opportunity)

	Project	CapEx	In-Service
8	**Reynolds-Topeka**	**$250M - $300M**	**2H 2018**
	MISO MVP: FERC approved 345-kV transmission project from Reynolds Substation to Hiple Substation (100 miles) – route determination complete…right-of-way acquisition and permitting activities continue.		
9	**Greentown-Reynolds**	**$300M - $400M (NI: $150M – $200M)**	**2H 2018**
	MISO MVP – partnership: FERC approved 765-kV transmission project from Reynolds Substation to Greentown Substation (~70 miles) – route determination complete…right-of way acquisition started.		

NGD Infrastructure Investment Update

Infrastructure Modernization Programs (~$20B Opportunity)

Annual Investment

1 **Columbia Gas of Ohio** — **$175M - $200M** — **20+ Years**
Tracked: Execution of established Infrastructure Replacement Program; annual tracker filings with 5-year program renewal (next renewal 2018)

2 **Columbia Gas of Pennsylvania** — **$125M - $175M** — **20+ Years**
Rate Case / Tracked: Execution of established Infrastructure Replacement Program; recovery utilizes forward test year rate case filings supplemented by periodic DSIC filings under Act 11

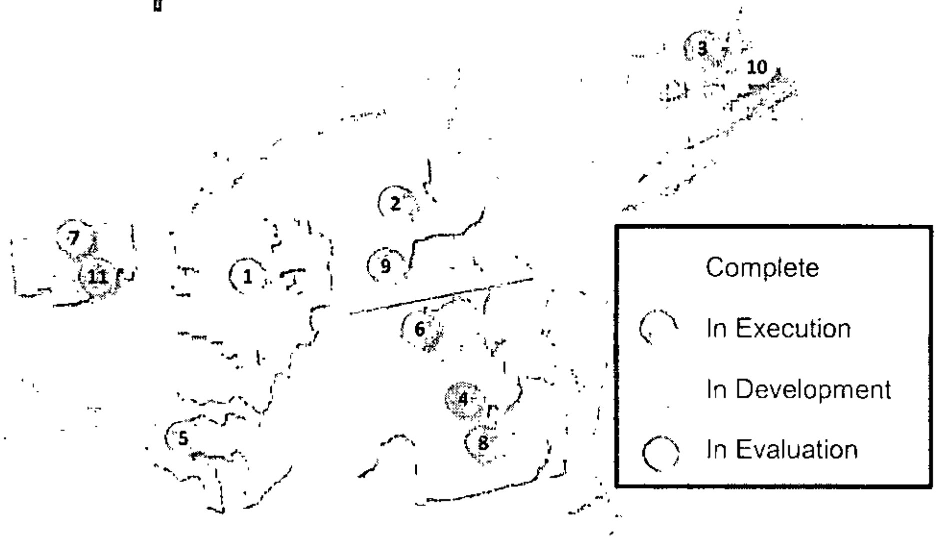
3 **Columbia Gas of Massachusetts** — **$40M - $60M** — **20+ Years**
Tracked: Execution of established Infrastructure Replacement Program; annual tracker filings to be made under the provisions of House Bill 4164

4 **Columbia Gas of Virginia** — **$20M - $30M** — **20+ Years**
Tracked: Execution of established Infrastructure Replacement Program; annual tracker filings with 5-year program renewal (next renewal 2017)

5 **Columbia Gas of Kentucky** — **~$10M** — **20+ Years**
Tracked: Execution of established Infrastructure Replacement Program with annual tracker filings

6 **Columbia Gas of Maryland** — **~$10M** — **20+ Years**
Rate Case / Tracked: Execution of established Infrastructure Replacement Program; rate case filings with make whole filings for up to three subsequent years

7 **NIPSCO Gas – Modernization** — **$80M - $120M** — **7 Years**
80% Tracked / 20% Deferred (Senate Bill 560): The NIPSCO Gas 7-year infrastructure replacement plan also contains provisions to expand natural gas service into rural areas of Indiana. The plan was approved at ~$700M by the IURC in April 2014. In August 2014, NIPSCO updated the 7-year plan to ~$860M through it's first semi-annual tracker filing supporting additional capital investment opportunities.



Current Regulatory Activity

8 **Columbia Gas of Virginia – Rate Case** — **Requested Increase: $25** — **Filed: 2Q '14** — **Effective: 3Q '14**
Filing supports CGV's capital investments associated with a multi-year gas distribution modernization program. New rates are in effect (subject to refund).

9 **Columbia Gas of Pennsylvania – Rate Case** — **Settled Increase: ~$33M** — **Settlement: 3Q '14** — **Effective: 4Q '14**
Filing supports CPA's capital investments to enhance pipeline safety initiatives and customer programs. The filing was settled in September 2014, and if approved, will be effective in 4Q 2014. This is the second filing under Act 11, using a forward test-year that extends to 12/31/2015.

10 **Columbia Gas of Massachusetts – Infrastructure Filing** — **TBD** — **Filed: Oct '14** — **Effective: May '15**
CMA plans to file its annual infrastructure replacement plan under the provision of House Bill 4164.

11 **NIPSCO Gas – Modernization** — **Seven-Year Plan Updated to ~$860M** — **Filed: 3Q '14** — **Effective: 1Q'15**
NIPSCO filed it's first semi-annual gas tracker as required by SB 560. The filing supports additional capital investments related to increased demand for rural expansion.

Key Path Forward Markers

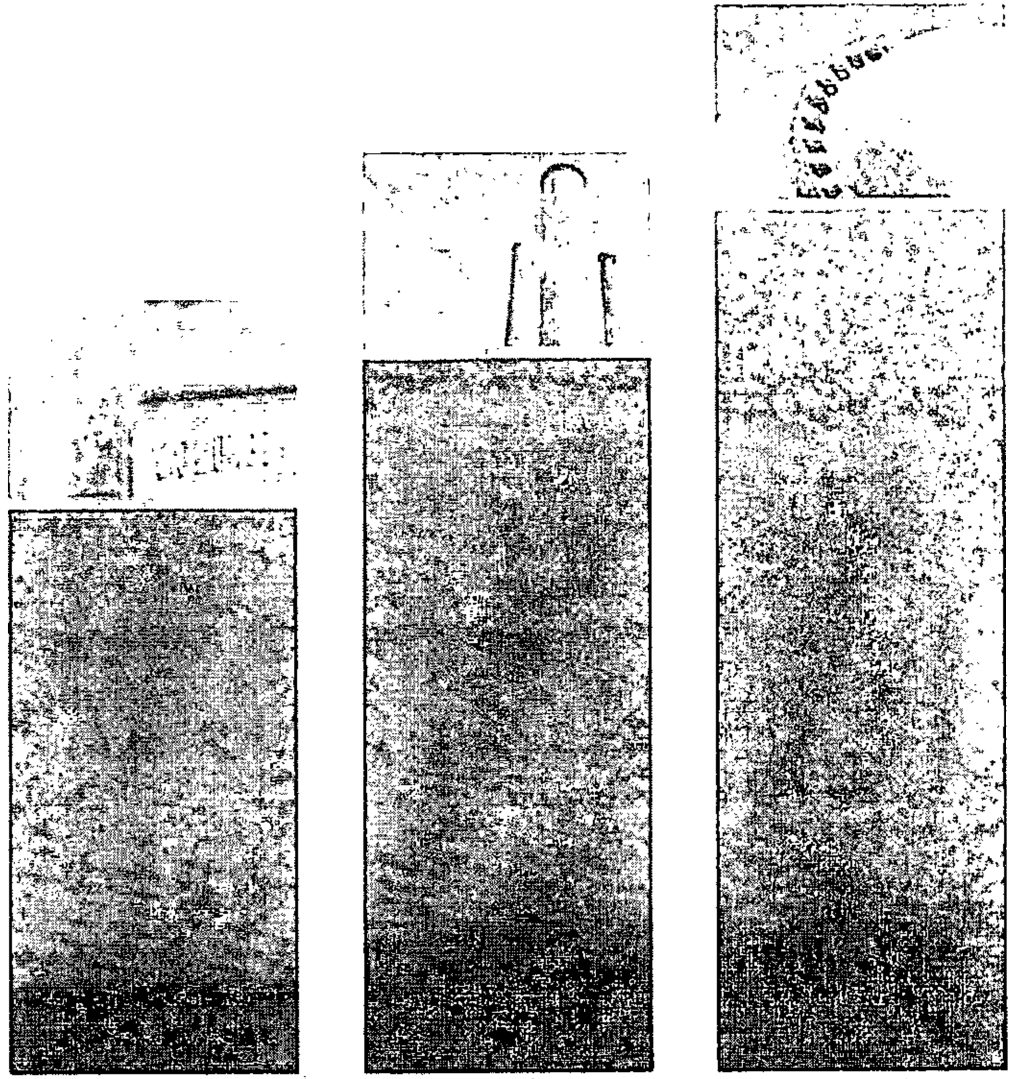
		1Q14	2Q14	3Q14	4Q14	1Q15	2Q15	3Q15	4Q15
Liquidity	Columbia Pipeline Partners MLP: (S-1 Filed / IPO)			▲					
	Term Loan Issuance: $750M (3-year)			▲					
	LT Debt Maturities: $500M (7/2014) / $230M (11/2015)			▲					▲
	DRIP: ~$50M/year								
Gas Distribution	Columbia Gas of MA – Rate Case (Effective)	▲							
	Columbia Gas of PA – Rate Case (Filed / Settled / Effective)	▲		▲	▲				
	Columbia Gas of VA – Rate Case (Filed / Effective)		▲	▲					
	NIPSCO Gas – Infrastructure Replacement – SB 560 (Approval of 7-Year Plan / Tracker Filing / Implementation)		▲	▲					
	Infrastructure Replacement Programs (~$350-$450M Per Year)								
Electric	NIPSCO – FGD's: U14, U15, U12 (U14 Completed - 2013 / U15 In-Service / U12 In-Service)				▲				▲
	Infrastructure Replacement Program – SB 560 (Approval of 7-Year Plan / Tracker Filing / Implementation)	▲		▲					
	MISO Approved Transmission Projects (Planning & Construction / In-Service 2018)								
Columbia Pipeline Group	Giles County (FERC Approval / In-Service)	▲			▲				
	Pennant - JV NGL Pipeline (In-Service)				▲				
	Washington County Gathering (Phase 1: In-Service / Phase 2 In-Service 2018)							▲	
	Warren County Project (In-Service)		▲						
	Millennium Pipeline – Expanded Compression (Minisink Completed - 2013 / Hancock In-Service)	▲							
	Columbia Gas Modernization (Tracker Implementation: 2013 / 2014)	▲				▲			
	West Side Expansion (In-Service)				▲				
	East Side Expansion (In-Service)							▲	
	Chesapeake LNG Facility Upgrade (Phase 1: Completed 2013 / Phase 2 & Phase 3 In-Service)				▲				▲
	Line 1570 (FERC Approval / In-Service)	▲			▲				
	NMS Interconnects (In-Service)				▲				
	Big Pine Expansion (In-Service)							▲	

Supplemental Slides

2012 Earnings

February 19, 2013

NiSource



Forward-Looking Statements

This document contains forward-looking statements within the meaning of federal securities laws. These forward-looking statements are subject to various risks and uncertainties. Factors that could cause actual results to differ materially from the projections, forecasts, estimates and expectations discussed herein include, among other things, weather; fluctuations in supply and demand for energy commodities; growth opportunities for NiSource's businesses; increased competition in deregulated energy markets; the success of regulatory and commercial initiatives; dealings with third parties over whom NiSource has no control; actual operating experience of NiSource's assets; the regulatory process; regulatory and legislative changes; the impact of new environmental laws and regulations; the results of material litigation; changes in pension funding requirements; changes in general economic, capital and commodity market conditions; counter-party credit risk; and the matters set forth in the "Risk Factors" sections in NiSource's most recent Form 10-K and subsequent Forms 10-Q, many of which are beyond the control of NiSource. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this presentation. NiSource expressly disclaims a duty to update any of the forward-looking statements contained in this document.

With regard to Net Operating Earnings Guidance for 2013 – it should be noted that there will likely be differences between net operating earnings and GAAP earnings for matters including, but not limited to, weather, and other factors. NiSource is not able to estimate the impact of such items on GAAP earnings and, as such, is not providing earnings guidance on a GAAP basis.

2012 Key Takeaways

Established Track Record of Execution & Performance

- 2012 financial results squarely in line with earnings guidance
  - 2012 EPS: $1.46 per share*
  - 2012 total shareholder return: 8.5%
- Solid execution of infrastructure-focused capital investments
- Landmark pipeline modernization settlement achieved
- Deep infrastructure investment inventory identified
  - $25B-$30B investment opportunity: $1.5B-$1.8B targeted annual capital spend
  - 5-7% annual earnings growth
  - 3-5% annual dividend growth
- Financial foundation, discipline to support enhanced growth plan

Building Long-Term, Sustainable Growth

** Net Operating Earnings from Continuing Operations (non-GAAP); For a Reconciliation to GAAP, See Schedule 1 of the Company's Feb. 19, 2013 Earnings Release*

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2012 Financial Highlights

Financial Results Squarely in Line with 2012 Earnings Guidance

Non-GAAP	2012*	2011*	Change*
Net Operating Earnings from Continuing Operations	$427.2	$368.8	$58.4
Net Operating Earnings Per Share	$1.46	$1.32	$0.14
Operating Earnings	$1,071.4	$946.3	$125.1

GAAP	2012*	2011*	Change*
Income from Continuing Operations	$410.6	$294.8	$115.8
Earnings Per Share	$1.41	$1.05	$0.36
Operating Income	$1,042.7	$890.1	$152.6

Total Shareholder Return Outperforms Utility Indices For Fourth Consecutive Year

** All Results Listed In Millions, Except for EPS; For a Reconciliation to GAAP, See Schedule 1 of the Company's Feb. 19, 2013 Earnings Release*

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NiSource Gas Transmission & Storage – 2012

Continued Growth, Modernization, Midstream and Minerals Progress

- Operating earnings $398M in 2012 vs. $360M in 2011*
- Landmark customer modernization settlement achieved
- Several growth projects placed into service; many others advance
- Midstream's ~$160M, 425 MMcf per day Big Pine Gathering System to be in service by April 2013
- 2013 capital investment projected at ~$700M – includes modernization investment

Looking Ahead:

Project	Key Components	Status
Pipeline Modernization	• 5-year initial settlement term • $1.5B investment during initial settlement term • $100M annual maintenance investment • Part of $4B+ program	• Approved by FERC • Projects initiated
Pennant Midstream, LLC *50/50 Joint Venture with Hilcorp*	• Gathering and processing facilities serving Utica region • 400 million cubic feet/day gathering; 200 million cubic feet/day processing • ~$300M initial joint venture investment (gross)	• Project on schedule and on budget • Projected in-service 2H 2013
Hilcorp Utica Minerals Arrangement	• ~100K combined acres • Acreage dedicated to Pennant Midstream • A working and overriding royalty interest in program	• Test wells drilled in 2012; liquids content consistent with other area wells
Planned growth, modernization and midstream investments	• Significant and growing inventory of projects outlined • Primarily focused on capturing market- and supply-driven growth opportunities	• Complete project update outlined in appendix

Modernization Settlement Provides Long-Term Stakeholder Benefits

** Non-GAAP. For a Reconciliation to GAAP, See Schedule 2 of the Company's Feb. 19, 2013 Earnings Release*

NiSource®

Electric Operations – 2012 Highlights

Continuing to Deliver on Core Customer, Reliability and Environmental Initiatives

- Operating earnings $238M in 2012 vs. $202M in 2011*
- Environmental investments continue to advance
- Electric transmission projects approved and moving forward
- 2013 capital investment projected at ~$435M, focused primarily on environmental and reliability investments

Looking Ahead:

Highlight	Key Components	Status
Electric Generating Plant Environmental Investments	• $800M+ in total environmental investments • Schahfer Flue Gas Desulfurization (FGD) investments: Units 14 & 15 • Michigan City FGD: Unit 12 • Enhanced mercury and particulate controls	• Schahfer construction on schedule, on budget • Michigan City FGD approved; planning and engineering in progress
Electric Transmission System Enhancement – Reynolds to Topeka Project	• 100-mile, 345-KV transmission project • $250M-$300M investment • Projected in-service latter part of decade	• First public outreach meetings completed in early February 2013
Electric Transmission System Enhancement – Reynolds to Greentown (*Joint Project)*	• 66-mile, 765-KV transmission project • $300M-$400M investment (NIPSCO portion $150M - $200M) • Projected in-service latter part of decade	• Preliminary planning in progress
Long-term Infrastructure Investments	• Environmental investments to upgrade generation fleet: $700M - $1.4B opportunity • Electric transmission system improvements: $500M - $1B opportunity • Modernize electric infrastructure: $3B - $4B opportunity	• Complete program update outlined in appendix

A Deep Inventory of Long-Term Investment Opportunities

* *Non-GAAP. For a Reconciliation to GAAP, See Schedule 2 of the Company's Feb. 19, 2013 Earnings Release*

NiSource

NiSource Gas Distribution – 2012 Highlights

Long-Term Infrastructure Investments, Customer Programs & Regulatory Initiatives

- Operating earnings $441M in 2012 vs. $425M in 2011*
- Revenues up $37M, reflecting regulatory and infrastructure programs**
- Columbia Gas of Massachusetts base rate case decision issued Nov. 30, 2012
- 2013 capital investment projected at ~$655M – includes ~$475M in growth and tracked investment

Looking Ahead

Highlight	Key Components	Status
Columbia Gas of Pennsylvania Base Rate Case	• Filed Sept. 28, 2012 • Settlement in principle reached with parties on Feb. 8, 2013 • Filed case reflects a fully projected test year and infrastructure investment recovery mechanism for investments through mid-2014 • Filed case requested an annual revenue increase of $77 million	• Settlement to be submitted for approval to the PUC on or before March 18, 2013 • Rates projected to be in effect in July 2013
Columbia Gas of Pennsylvania Base DISC Filing	• Distribution System Improvement Charge (DSIC) filing to capture infrastructure investments from the later part of 2012	• Decision expected Q1 2013
Infrastructure Modernization	• Expanded ~$10B long-term program across service territory	• Complete program update outlined in appendix

A Growing Investment Inventory

** Non-GAAP. For a Reconciliation to GAAP, See Schedule 2 of the Company's Feb. 19, 2013 Earnings Release*
*** Revenues Exclude Trackers*

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Key Takeaways for 2013

NiSource: A Compelling Investment

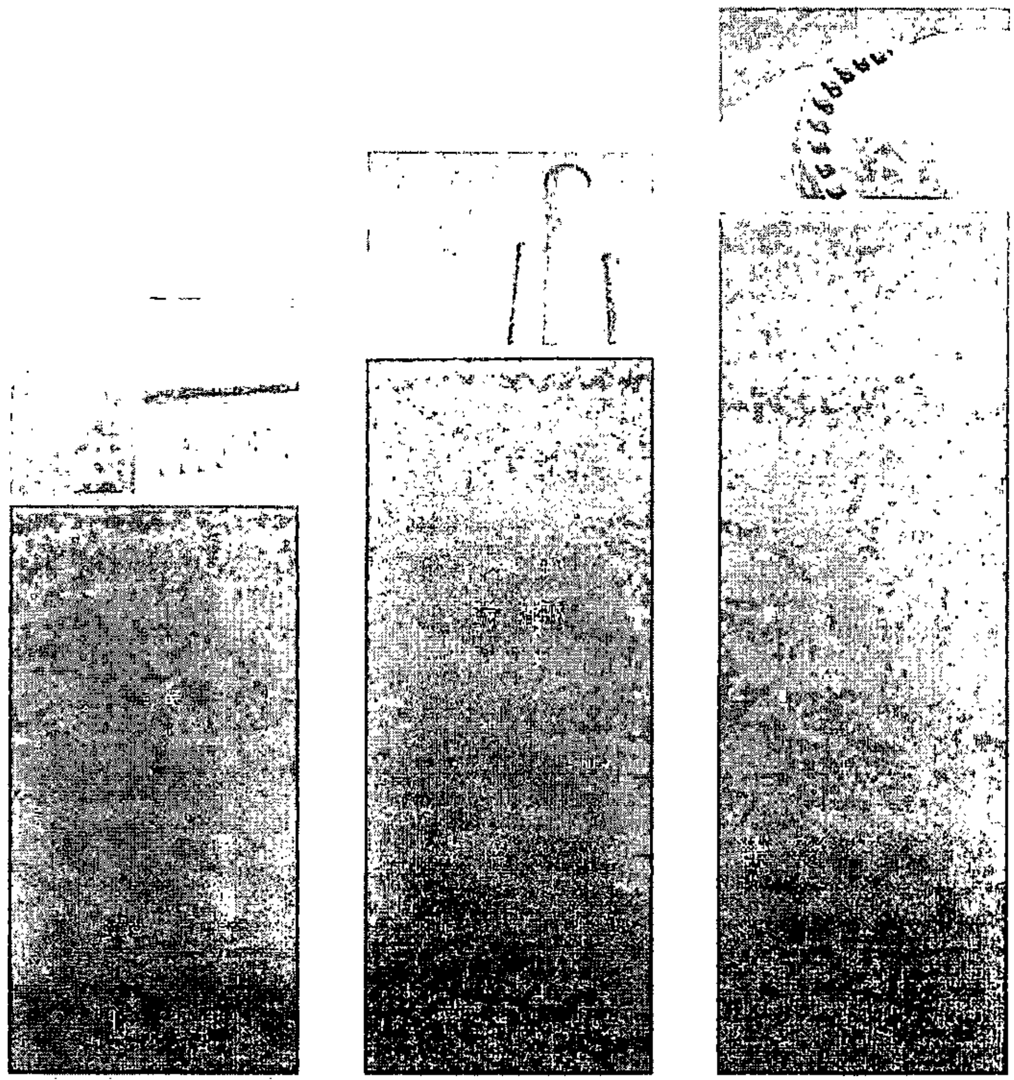
- Sustainable long-term growth
  - 2013 EPS guidance: $1.50 to $1.60 per share*
  - Mid-point represents 6% growth over 2012 EPS
- Enhanced $1.8B capital investment program
- Deep, balanced infrastructure investment inventory across all business units
- Balanced, transparent approach to funding capital requirements
- Unwavering commitment to investment-grade credit, strong liquidity

Solid Long-Term Trajectory to Grow Earnings, Increase Shareholder Value

** Net Operating Earnings Per Share from Continuing Operations (non-GAAP)*

Appendix

2012 Earnings
February 19, 2013



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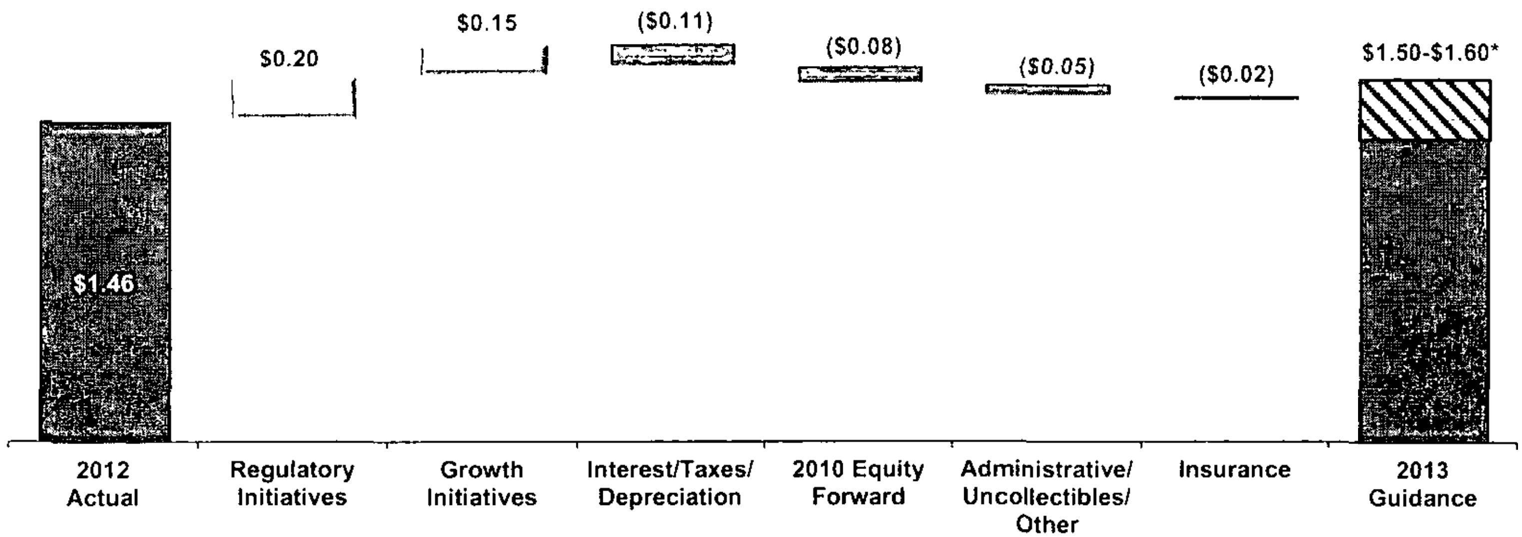
2012 to 2013 Earnings Per Share (Non-GAAP)

2013 EPS Guidance Range $1.50 - $1.60*



* Projected Net Operating Earnings from Continuing Operations (non-GAAP)

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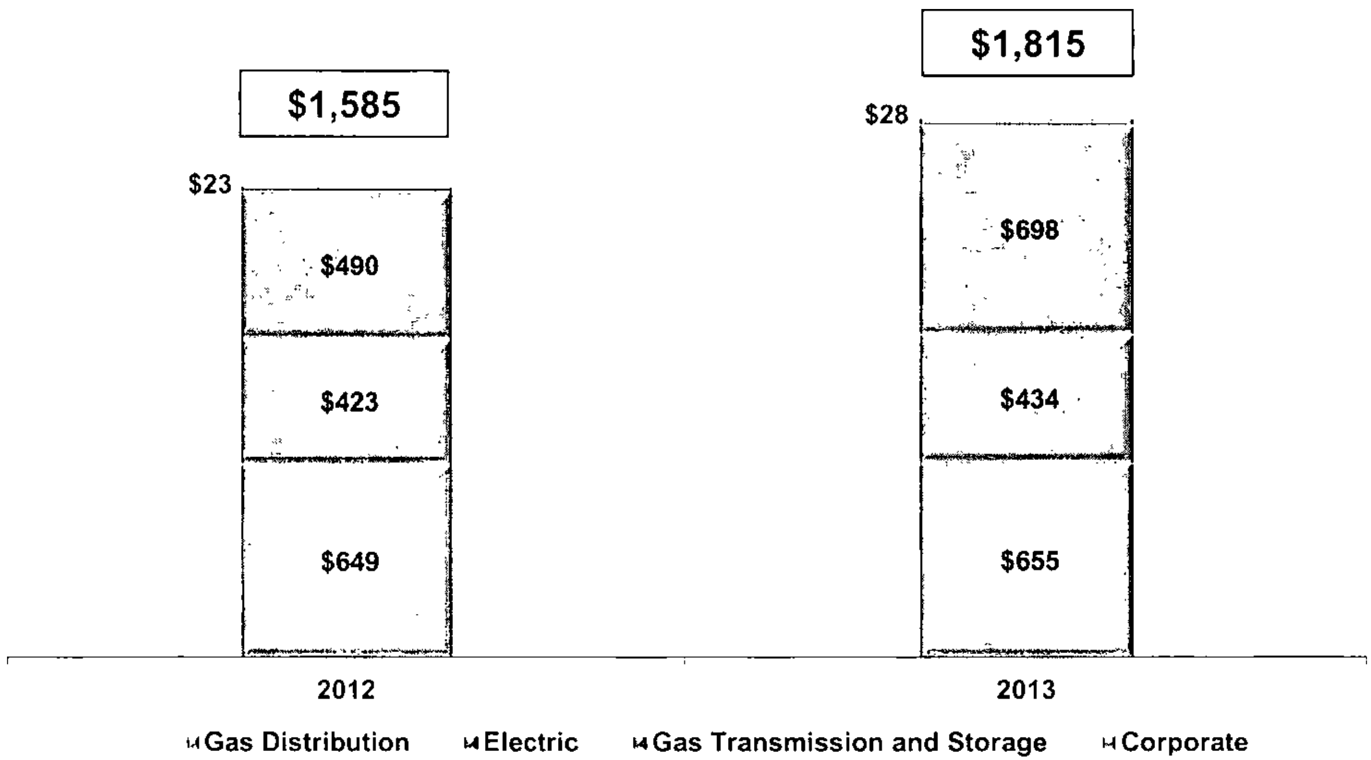
Capital Expenditures ($M)

2012 Actual & 2013 Forecasted CapEx



2013 Growth & Tracker ~$1,325M (73%) and Age & Condition ~$490M (27%)

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Capitalization ($M)

Total Debt to Capitalization 59.3% as of 12/31/12

	Actual 12/31/2012			Actual 12/31/2011		
	Debt	Equity	Total	Debt	Equity	Total
Long-Term Debt	$ 6,819.1	$ -	$ 6,819.1	$ 6,267.1	$ -	$ 6,267.1
Short-Term Debt	543.6	-	543.6	1,127.7	-	1,127.7
Sale of A/R	233.3	-	233.3	231.7	-	231.7
Current Maturities	507.2	-	507.2	327.3	-	327.3
Common Equity	-	5,554.3	5,554.3	-	4,997.3	4,997.3
Total Capitalization Per Balance Sheet	**$ 8,103.2**	**$ 5,554.3**	**$13,657.5**	**$ 7,953.8**	**$ 4,997.3**	**$12,951.1**
% of Capitalization Per Balance Sheet	**59.3%**	**40.7%**	**100.0%**	**61.4%**	**38.6%**	**100.0%**

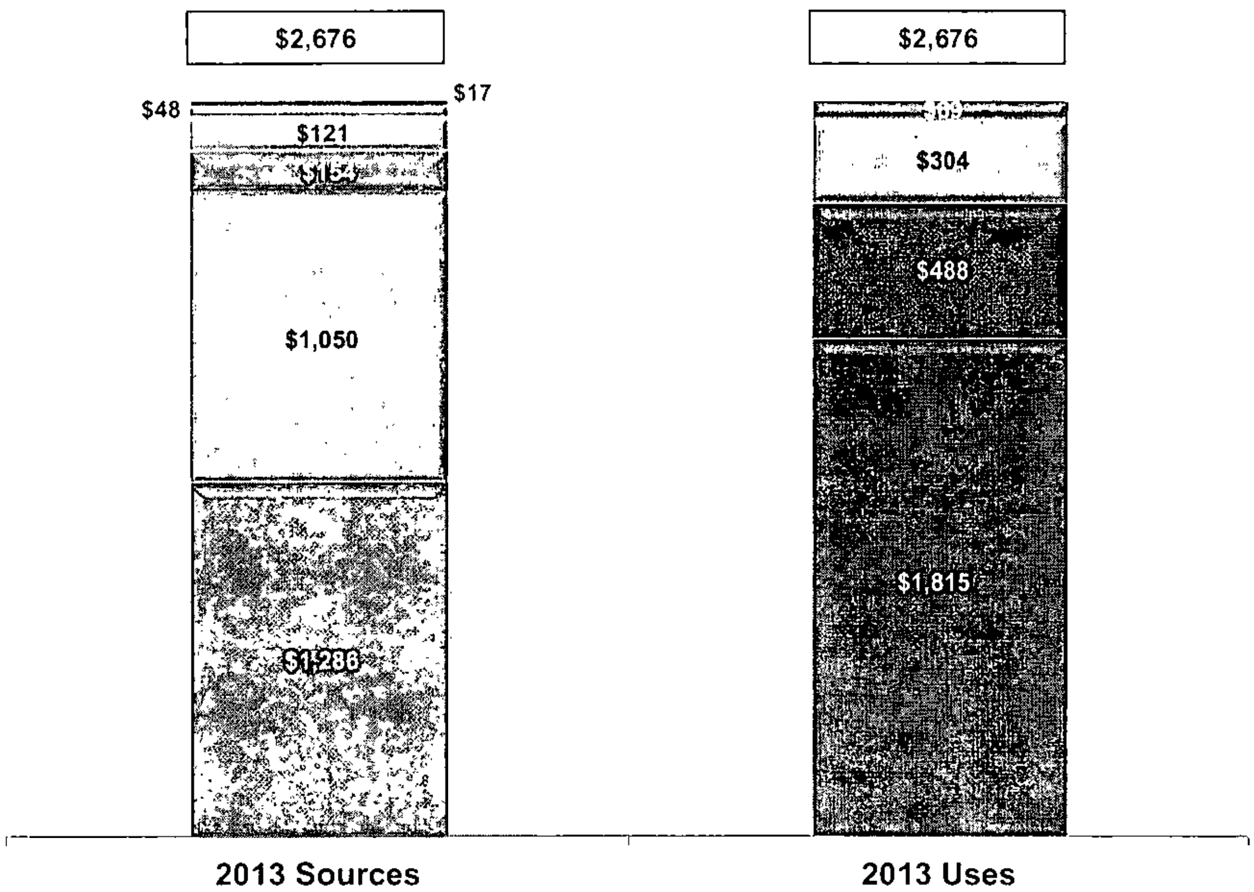
NiSource®

Current Liquidity ($M)

	Actual 12/31/12	Maturity
Committed Credit Facility	$ 1,500	May 2017
Less:		
Drawn on Credit Facility	(44)	
Commercial Paper	(500)	
Letters of Credit	(18)	
Add:		
Cash & Equivalents	36	
Net Available Liquidity	**$ 974**	

NiSource®

2013 Sources & Uses ($M)*



- FFO
- LT Financing
- ST Financing
- Proceeds from Sale of Assets
- DRIP, 401(k) and ESPP
- Restricted Cash

- CapEx
- Maturities
- Dividends
- Working Capital

* Projected

NiSource®

NGD Infrastructure Investment Update

Modernize Infrastructure ($10B+ Opportunity)

Annual Investment

1 **Columbia Gas of Ohio** — **$150M - $200M** — **20+ Years**
Tracked: Execution of established Infrastructure Replacement Program (IRP); annual tracker filings with 5-year program renewal (next renewal 2017)

2 **Columbia Gas of Pennsylvania** — **$100M - $150M** — **20+ Years**
Rate Case/Tracked: Execution of established Infrastructure Replacement Program; current recovery utilizes forward test year rate case filings supplemented by periodic DSIC filings under Act 11

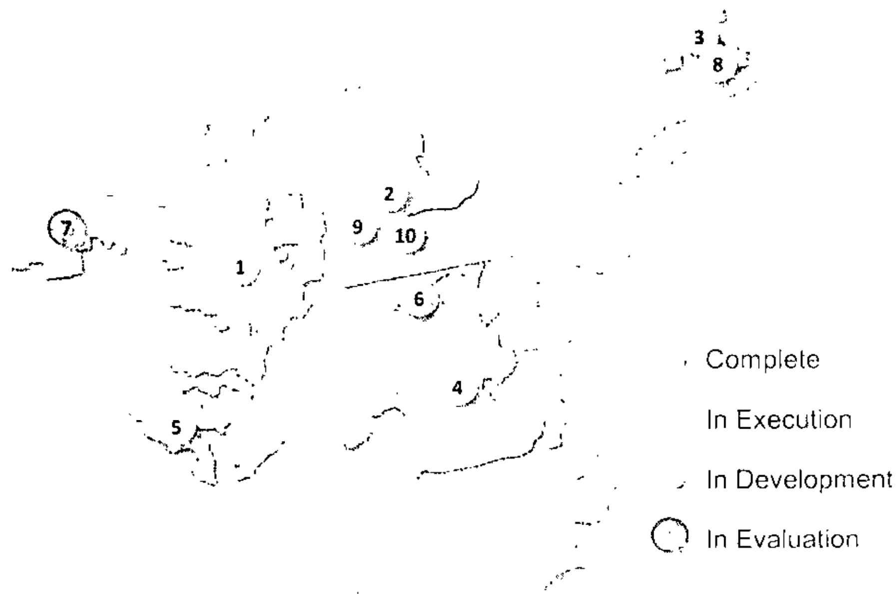
3 **Columbia Gas of Massachusetts** — **$25M - $50M** — **20+ Years**
Tracked: Execution of established Infrastructure Replacement Program; annual tracker filings, program approved in 2009 and expanded in 2012 rate case

4 **Columbia Gas of Virginia** — **$20M - $35M** — **20+ Years**
Tracked: Execution of established Infrastructure Replacement Program; annual tracker filings with 5-year program renewal (next renewal 2017)

5 **Columbia Gas of Kentucky** — **$10M - $15M** — **20+ Years**
Tracked: Execution of established Infrastructure Replacement Program with annual tracker filings

6 **Columbia Gas of Maryland** — **$5M - $10M** — **20+ Years**
Rate Case/Tracked: Execution of established Infrastructure Replacement Program; rate case filings with make whole filings for up to three subsequent years

7 **NIPSCO - Gas** — **TBD** — **TBD**
Relatively modern gas system, with some opportunity for replacement of aging infrastructure to improve reliability and system integrity (currently working to establish DSIC type legislation under SB 560)



Current Regulatory Activity

8 **Columbia Gas of Massachusetts**
Completed 2012 rate case in November. Order resulted in $8M annual Revenue increase and enhancement of Infrastructure Program.

9 **Columbia Gas of Pennsylvania – Rate Case** — **Requested Increase: $77M** — **Filed: 9/2012** — **Effective: 2Q/2013**
First rate case filed under the new Act 11 legislation, case supports ongoing infrastructure program in PA with forward test year ending 2Q/2014. Reached a unanimous settlement in principle in Feb. 2013 – expected to be filed with the PUC in March 2013.

10 **Columbia Gas of Pennsylvania – DSIC Filing** — **Requested Tracker: ~$1M/Qtr** — **Filed: 1/2013** — **Effective: 1Q/2013**
Distribution System Improvement Charge (DSIC) filing to capture infrastructure investments from the later part of 2012

NiSource

Electric Operations Infrastructure Investment Update

Upgrade Generation Fleet ($700M - $1.4B Opportunity)

1 **U14/15 FGDs** ~$500M YE'13/YE'14
Environmental: ECRM (Environmental Cost Recovery Mechanism)Tracked FGD (Flue Gas Desulfurization) facilities at Schahfer Generating Station

2 **U12 FGD** ~$240M YE'15
Environmental: ECRM Tracked FGD facilities at Michigan City Generating Station

3 **NOx Upgrades** ~$50M YE'15
Environmental: ECRM Tracked NOx upgrades and monitoring

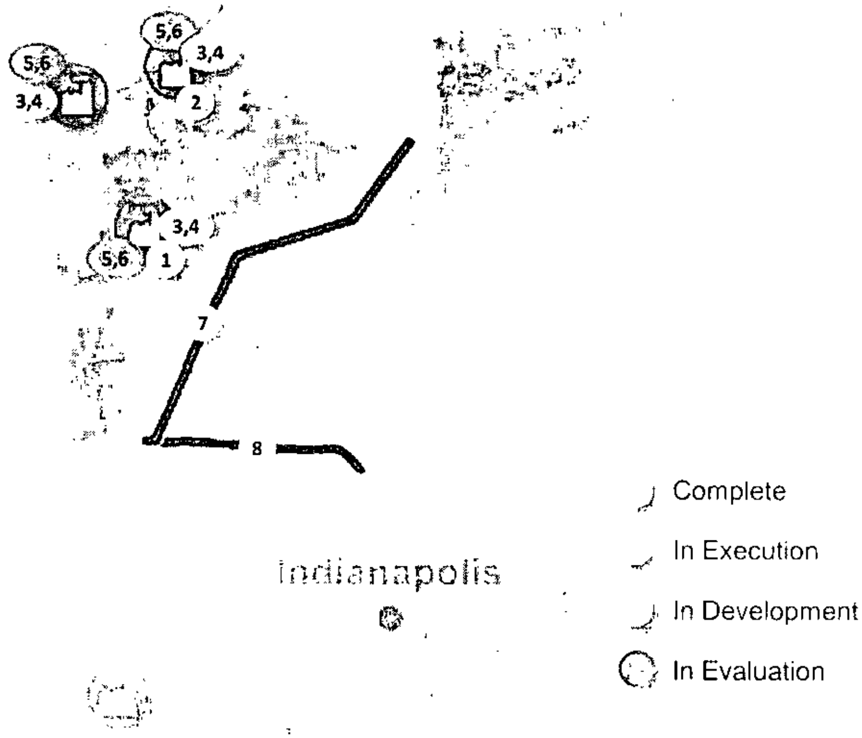
4 **MATS** $30M - $65M YE'13/YE'14/YE'15
Environmental: ECRM Tracked projects enhancing mercury and particulate controls at all coal plants

5 **Water Treatment** $25M - $100M YE'17/YE'18
Environmental: S.B. 251 Tracked projects enhancing wastewater treatment at all coal plants and water intake modifications at Bailly Station

6 **Fly Ash Improvements** $100M - $300M TBD
Environmental: S.B. 251 Tracked projects upgrading ash handling and disposal at all coal plants

Modernize Infrastructure ($3B - $4B Opportunity)

NIPSCO Electric Distribution Modernization TBD TBD
Systematic replacement of aging infrastructure to improve reliability and system integrity (currently working to establish DSIC type legislation under SB 560)



Enhance Transmission System ($500M - $1.0B Opportunity)

7 **Reynolds-Topeka** $250M - $300M Later part of Decade
MISO MVP: FERC approved 345Kv transmission project from Reynolds Substation to Hiple Substation (100 miles) – final route not determined

8 **Transmission Project II** $300M - 400M (NI: $150M – $200M) Later part of Decade
MISO MVP – partnership: FERC approved 765Kv transmission project from Reynolds Substation to Greentown Substation (66 miles) – final route not determined

NGT&S Regulated Pipeline & Storage Growth Update

M Marketing **$3B-$4B Opportunity**

1 **Line WB** $14M 2Q '12
Marcellus: Compression – between Loudon, VA & Leach, KY (175 MMcf/Day)

2 **Smithfield** $14M 2Q '12
Marcellus: Pipeline and compression modifications – near Smithfield, WV & Waynesburg, PA (150 MMcf/Day)

3 **Rimersburg** $8M 2Q '12
Marcellus: Pipeline expansion – North Central PA (19 MMcf/Day)

4 **Millennium** ~$85M (NI: $40M) 2Q '13
Marcellus: Deliver Marcellus supplies to multiple markets with expanded compression at Minisink (150 MMcf/Day) and Hancock(150 MMcf/Day)

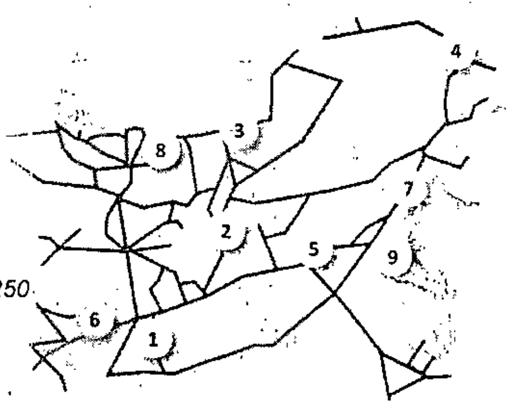
5 **Warren County** $35M 2Q '14
Gas Generation: Expansion to serve Virginia Power's new 1,300 MW plant (250 MMcf/Day)

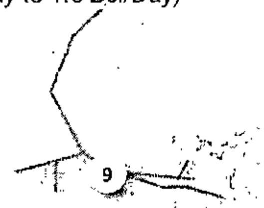
6 **West Side** $200M 4Q '14
Marcellus: Transport supply to growing Southeast Markets (~500 MMcf/Day)

7 **East Side** ~$210M 3Q '15
Marcellus: Connect northern Marcellus supplies to Northeast and Mid-Atlantic Markets (~300 MMcf/Day)

8 **Quick Link** ~$300M 2Q '16
Utica: ~90 Miles of processed gas transportation in East Ohio (~500 MMcf/Day)

9 **LNG Exports** $200M - +$1B 2017+
Marcellus/Utica: Aggregate and deliver supplies to LNG export terminals on Atlantic and Gulf Coasts (400 MMcf/Day to 1.6 Bcf/Day)





Complete
In Execution
In Development
In Evaluation

M Modernization **$4B-$5B Opportunity**

Columbia Gas Modernization $300M/Yr Starting '13

FERC approved (1/2013) - 5 Year settlement agreement (with potential extension provisions) to begin a systematic infrastructure replacement program

NiSource

NGT&S Midstream & Minerals Growth Update

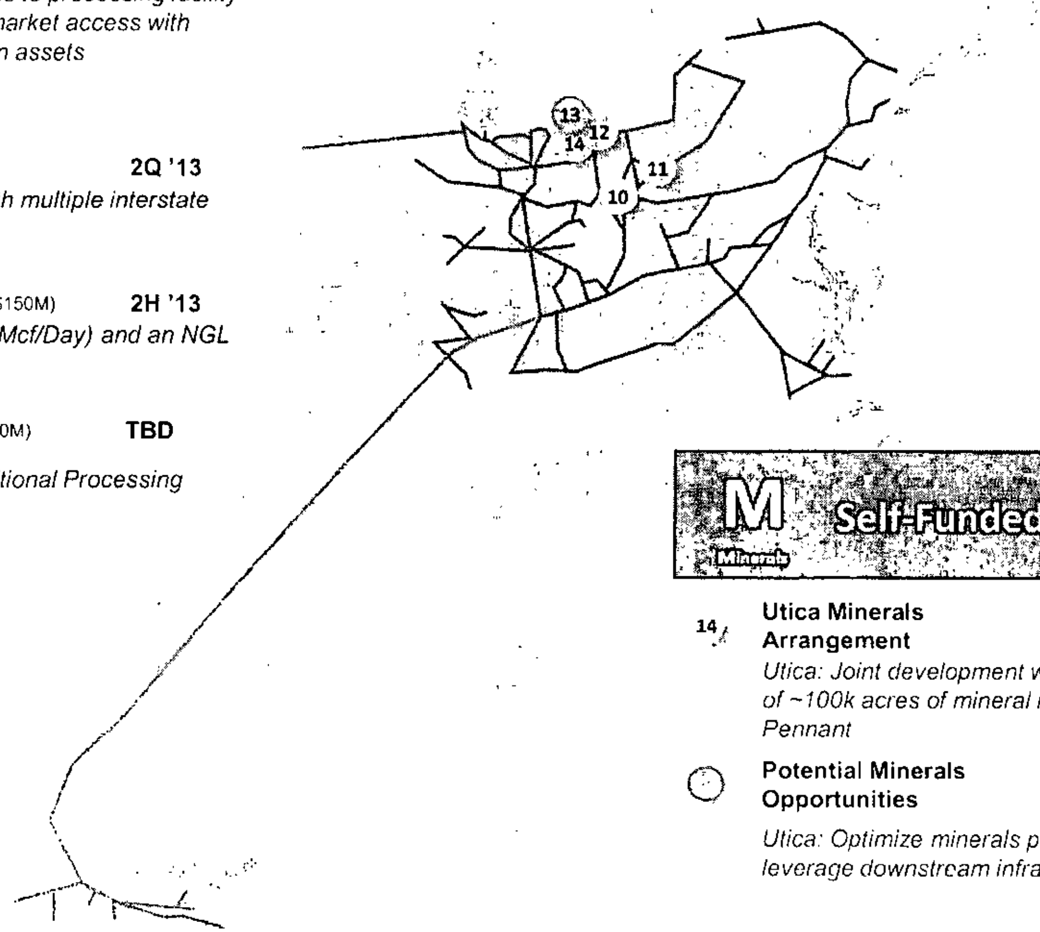
M Midstream — **$1B-$1.5B Opportunity**

10 **Majorsville** — **$85M** — **3Q '10**
Marcellus: Gather wet Marcellus gas to processing facility and provide downstream pipeline market access with additional pipeline and compression assets (325 MMcf/Day)

11 **Big Pine Gathering** — **$160M** — **2Q '13**
Marcellus: ~70 Miles of Pipeline with multiple interstate connections (425 MMcf/Day)

12 **Pennant JV Phase I** — **$300M** (NI = $150M) — **2H '13**
Utica: ~50 Miles of Pipeline (400 MMcf/Day) and an NGL processing facility (200 MMcf/Day)

13 **Pennant JV Phase II** — **$300M** (NI = $150M) — **TBD**
Utica: Pipeline Extension and Additional Processing



Complete
In Execution
In Development
In Evaluation

M Minerals — **Self-Funded Investment**

14 **Utica Minerals Arrangement** — **Drilling Started 2H '12**
Utica: Joint development with Hilcorp to extract value of ~100k acres of mineral rights – acreage dedicated to Pennant

Potential Minerals Opportunities — **Under Evaluation**
Utica: Optimize minerals position in shale region to leverage downstream infrastructure opportunities

NiSource

Key Path Forward Markers

		2012 Completed	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14	4Q14
Liquidity	Equity Issuance: $400M (Issued 24M Shares)	✓								
	LT Debt Issuances: $500M & $250M(6/2012) Maturities: $420M(3/2013) & $500M(7/2014)	✓	△						△	
	DRIP: ~$45M/year									
Gas Distribution	Columbia Gas of MA – Rate Case	✓								
	Columbia Gas of PA – Rate Case (Settlement / Effective)		△	△						
	Infrastructure Replacement Programs (~$350M/year)									
Electric	NIPSCO – FGD's: U14, U15, U12 (Construction/FGD U14 In-Service)					△				
	Infrastructure Replacement Program (IN - SB560) (Introduction / Legislative Session Ends)		△	△						
	MISO Transmission Improvement Project (Engineering / Planning / Construction)									
GT&S	Line WB Expansion (In-Service)	✓								
	Rimersburg Expansion (In-Service)	✓								
	Smithfield Project (In-Service)	✓								
	Utica Minerals Arrangement (Agreement / Execution)	✓								
	Pennant JV – Phase I (Agreement / In-Service)					△				
	Big Pine Gathering (In-Service)			△						
	VEPCO Power Plant Transportation Project (In-Service)							△		
	Millennium Pipeline – Minisink & Hancock Expanded Compression (In-Service)			△						
	Columbia Gas Modernization (FERC Approval / Execution)		△							
	West Side Expansion (In-Service)									△
	East Side Expansion (In-Service 3Q 2015)									

Creating Two Premier Energy Infrastructure Companies

NiSource Inc.
Investor Day

Millennium Broadway
New York, NY | 09.29.14

NiSource®

Forward Looking Statements

This presentation contains forward-looking statements within the meaning of federal securities laws. These forward-looking statements are subject to various risks and uncertainties. Examples of forward-looking statements in this presentation include statements and expectations regarding future dividends, operating earnings growth, EBITDA growth, earnings per share growth, capital investments, net investment/rate base growth, financing needs and plans, and investment opportunities. Factors that could cause actual results to differ materially from the projections, forecasts, estimates and expectations discussed in these presentations include, among other things, the timing to consummate the transactions described herein; the risk that a condition to consummation is not satisfied; disruption to operations as a result of the proposed transactions; the inability of one or more of the businesses to operate independently following the completion of the proposed transactions; weather; fluctuations in supply and demand for energy commodities; growth opportunities for NiSource's businesses; increased competition in deregulated energy markets; the success of regulatory and commercial initiatives; dealings with third parties over whom NiSource has no control; actual operating experience of NiSource's assets; the regulatory process; regulatory and legislative changes; changes in general economic, capital and commodity market conditions; and counter-party credit risk, and the matters described in the "Risk Factors" section of the Form S-1 filed by Columbia Pipeline Partners LP and the matters described in the "Risk Factors" section in NiSource's 2013 Form 10-K, and subsequent NiSource filings on Form 10-Q, many of which are beyond the control of NiSource. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this presentation. Future earnings and other financial projections are illustrative only and do not constitute guidance by the Company. NiSource expressly disclaims a duty to update any of the forward-looking statements contained in these presentations.

The potential distribution of CPG shares is subject to the satisfaction of a number of conditions, including the final approval of NiSource's Board of Directors. There is no assurance that such distribution will in fact occur.

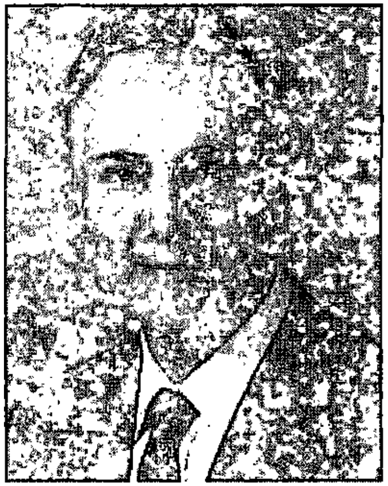
Speaker Bios

Bob Skaggs

President &
Chief Executive Officer

Bob is President and Chief Executive Officer of NiSource Inc. He is responsible for the strategic direction of the company, as well as for overseeing its day-to-day operations. Bob was named President in October 2004 and added the CEO responsibilities effective July 2005.

He earned a bachelor's degree in economics from Davidson College, a law degree from West Virginia University and a master's degree in business administration from Tulane University.



Steve Smith

Executive VP &
Chief Financial Officer

Steve is Executive Vice President and Chief Financial Officer of NiSource Inc. He is responsible for the company's corporate finance functions, information technology, supply chain services, and real estate and facilities management.

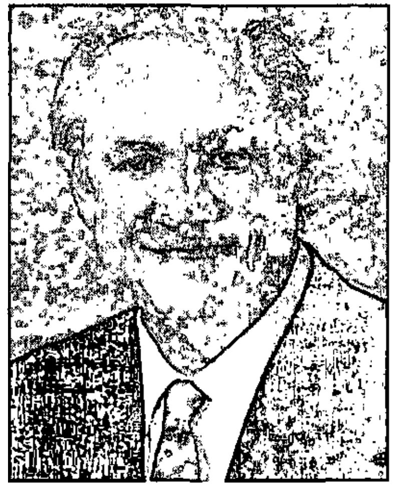
He earned a bachelor's degree in petroleum engineering from the Colorado School of Mines and a master's degree in business administration from the University of Chicago Graduate School of Business.

Joe Hamrock

Executive VP & Group CEO,
NiSource Gas Distribution

Joe oversees NiSource's gas distribution companies in Kentucky, Maryland, Massachusetts, Ohio, Pennsylvania and Virginia. He joined NiSource in May 2012.

He earned a bachelor's degree in electrical engineering from Youngstown State University and a master's degree in business administration from the Massachusetts Institute of Technology in Cambridge, where he was a Sloan fellow.



Jim Stanley

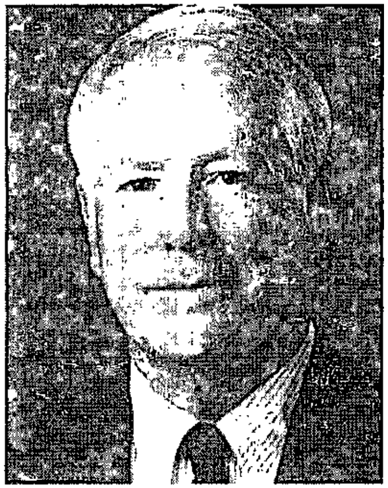
Executive VP & Group CEO,
NIPSCO

Jim oversees NiSource's Indiana gas and electric utility, including all regulatory, operations and project management. He joined NiSource in October 2012.

He earned his bachelor's degree in accounting from Ball State University.

NiSource

Speaker Bios



Glen Kettering

Executive VP & Group CEO, Columbia Pipeline Group

Glen oversees all regulatory, commercial, operations and capital investment programs at Columbia Pipeline Group.

He earned a bachelor's degree in business administration from West Virginia University and a law degree from the West Virginia University College of Law

Stan Chapman III

Chief Commercial Officer, Columbia Pipeline Group

Stan is responsible for all of Columbia Pipeline Group's regulated commercial operations, which includes marketing, business development, gas control, customer service, rates and regulatory affairs.

He earned a bachelor's degree in economics from Texas A&M University and a master's degree in business administration from the University of St. Thomas.

Brett Stovern

Chief Operating Officer, Midstream Services

Brett is responsible for all Columbia Pipeline Group's midstream and minerals activities. Prior to his role, he served as Chief Financial Officer for Columbia Pipeline Group.

He earned his bachelor's degree in accounting from California State Polytechnic University and is a Certified Public Accountant.

Shawn Patterson

President, Operations & Project Delivery, Columbia Pipeline Group

Shawn is responsible for operations, engineering and project management across Columbia Pipeline Group. He also oversees the execution of CPG's modernization and growth programs.

He earned a bachelor's degree in civil engineering from Rose-Hulman Institute of Technology and a master's degree in business administration from University of Notre Dame.

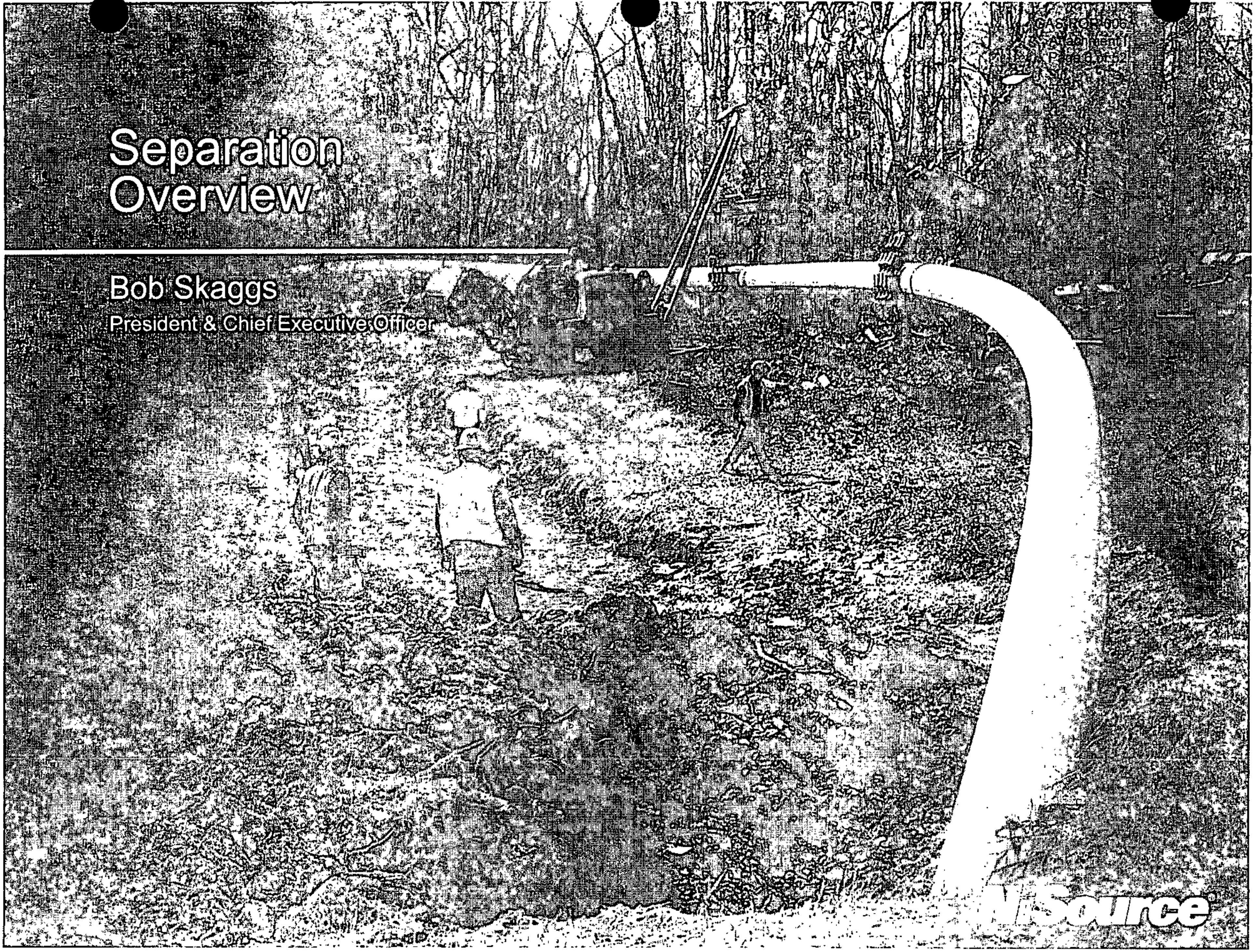
NiSource

Today's Agenda

NiSource Investor Day 2014

8:00 – 8:30 AM	Registration and Welcome	
8:30 – 9:30 AM	Separation Overview	Bob Skaggs, Steve Smith
9:30 – 9:45 AM	Break	
9:45 – 10:30 AM	NiSource Utility Company	Jim Stanley, Joe Hamrock
10:30 – 11:30 AM	Columbia Pipeline Group	Glen Kettering, CPG Leadership
11:30 AM – 12:00 PM	Financial Profile	Steve Smith
12:00 – 12:30 PM	Q&A	Team
12:30 – 12:35 PM	Closing Remarks	Bob Skaggs

NiSource


Separation Overview
Bob Skaggs
President & Chief Executive Officer

Strategic Separation Expected to Deliver Significant Value

Plan to Separate Columbia Pipeline Group Into a Stand-Alone, Publicly Traded Company

- ✓ Creates two pure-play, premier energy infrastructure companies
- ✓ Enhances overall long-term earnings and dividend growth potential
- ✓ Provides strategic clarity, significant scale, unique assets and customer bases
- ✓ Permits disciplined execution of two distinct, growth investment strategies
- ✓ Results in two well-capitalized entities, expected to maintain investment-grade ratings

Opportunity to Create Immediate and Long-Term Value for Shareholders

NiSource

Creating Two Premier Energy Infrastructure Companies

Logical Step in Successful, Long-Term Growth Strategy	Expected to Unlock Full Potential for Both Companies
Pure-Play Businesses	Focused on Distinct Investment Opportunities, Assets and Customers
Execution Capability	Experienced Teams and Proven Track Records at Both Companies
Investor Alignment	Investors Attracted to Unique Investment and Risk Profiles

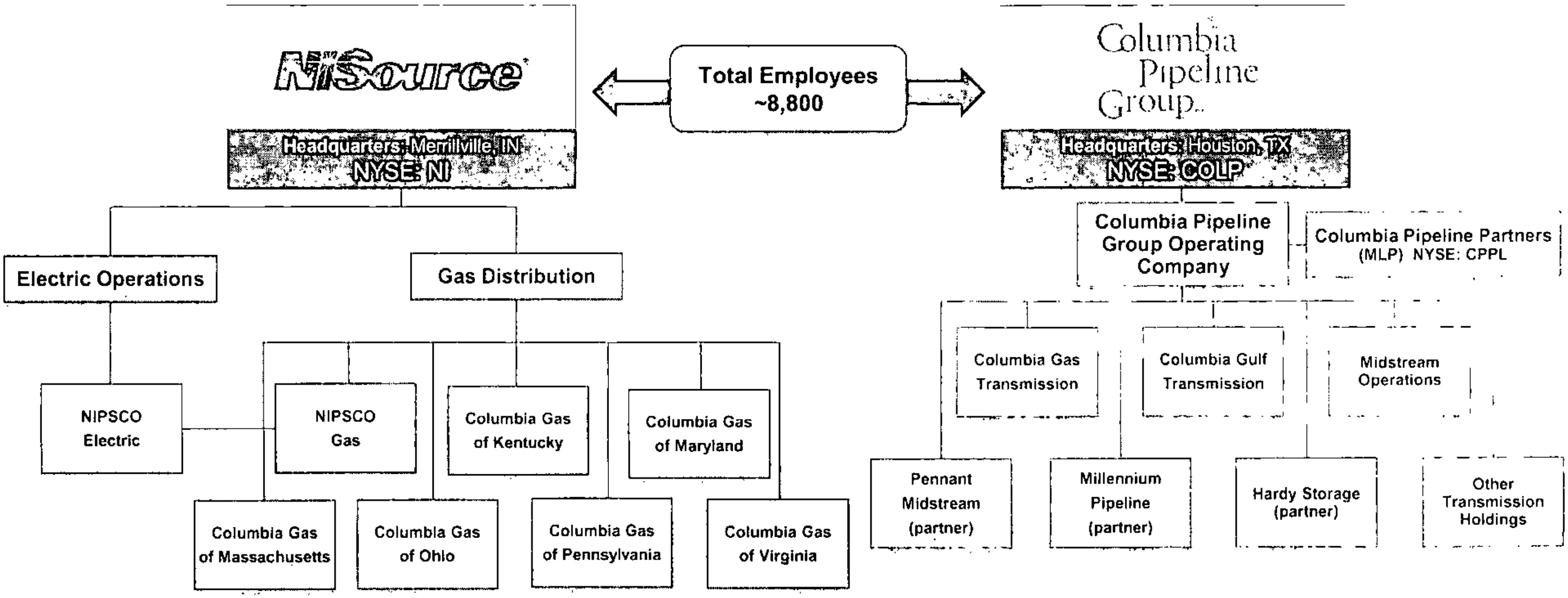
Columbia Pipeline Group

Independent Companies Better Able to Realize Growth Opportunities

NiSource®

Opportunity to Create Immediate and Long-Term Value for Shareholders

Separation Snapshot



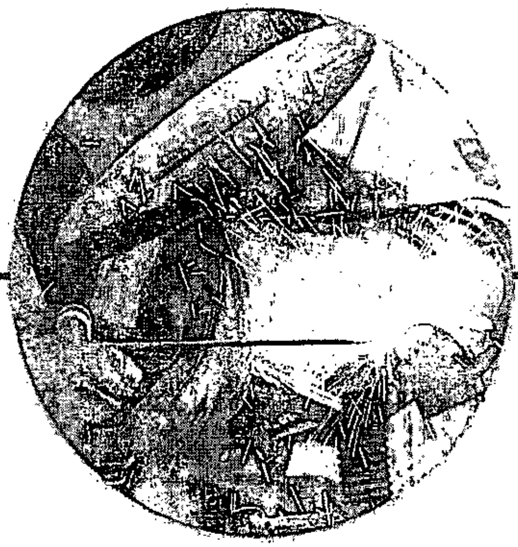
Maintaining Commitments to Customers, Employees and Communities

NiSource

Creating Two Premier Energy Infrastructure Companies

NiSource

- Pure-Play Natural Gas & Electric Utilities
- Proven operators, focused on safety, reliability and customer service
- Significant long-term infrastructure investment opportunity expected to sustain strong earnings and dividend growth
- Constructive regulatory policies and stakeholder support across jurisdictions
- Expected to maintain investment-grade credit rating



Columbia Pipeline Group

- **Pure-Play Pipeline, Midstream & Storage Company**
- Significant scale and footprint in Marcellus/Utica, Midwest, Mid-Atlantic and Gulf Coast markets
- Significant modernization and organic growth opportunities expected to support robust EBITDA and dividend growth
- Expected to maintain investment-grade credit rating
- MLP expected to provide access to capital to fund CapEx needs

Two Well-Capitalized Energy Infrastructure Companies With Compelling Investment Propositions

Two Premier Pure-Play Companies With Significant Scale

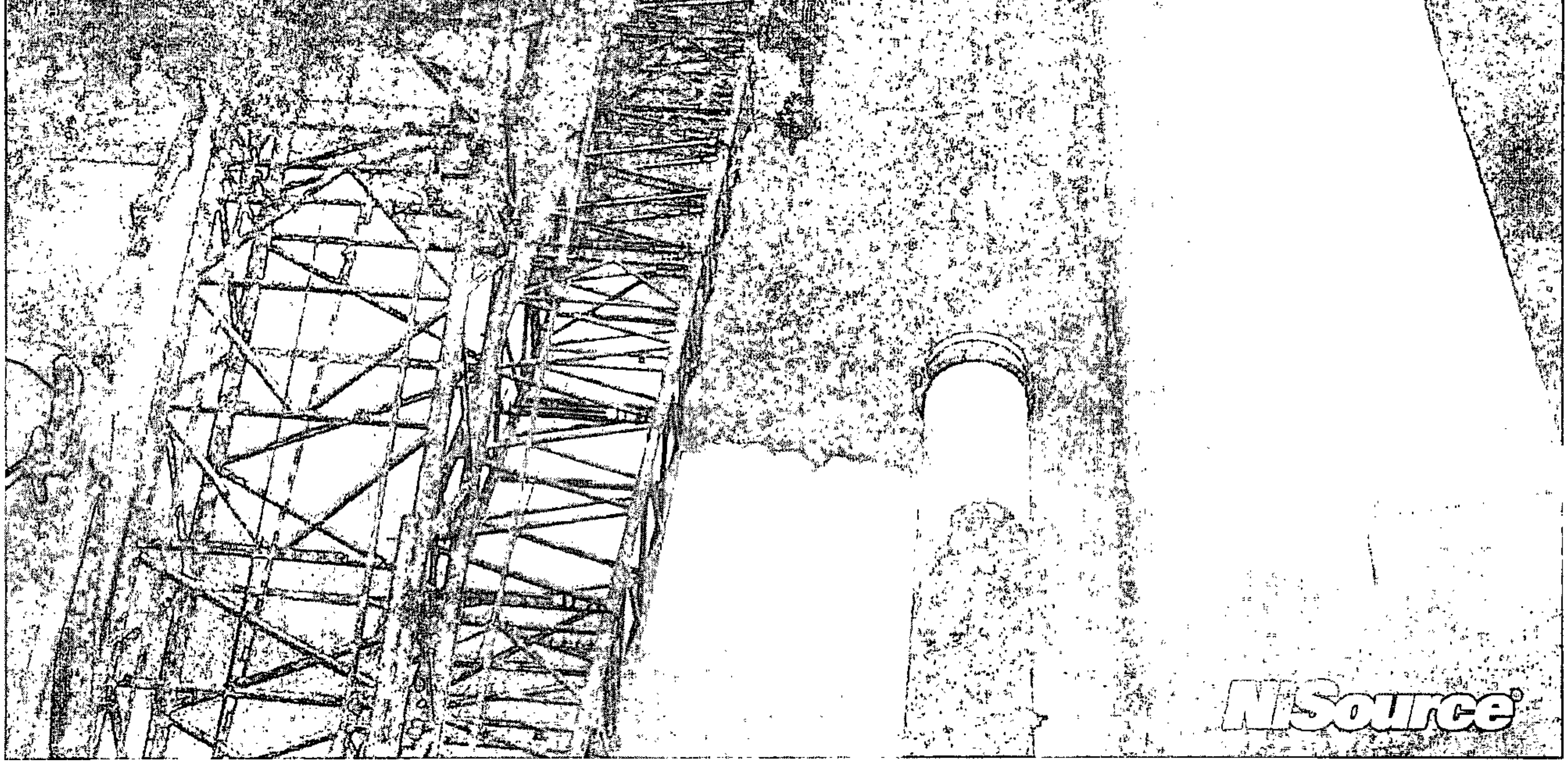
NiSource		Columbia Pipeline Group
~4M Gas/Electric Distribution	**Customers**	LDCs, Producers, Marketers, Electric Generators and Other Large End Users
~58K Miles Distribution Pipe 3,300 MW Generation ~2,800 Circuit Miles Transmission	**Operations**	~15K Miles of Transmission ~1.3 Tcf of Throughput Per Year 35 Storage Fields, ~300 Bcf Working Capacity
~$7.4B; Expected to Grow on Average by ~8% per year	**Rate Base*/Net Investment Growth**	~$4B; Expected to Grow to ~$12.5B+ by 2020
~$30B Over 20+ Years	**Investment Opportunity**	$12-15B Over Next 10 Years
7 States	**Footprint**	Marcellus, Utica; Midwest, Mid-Atlantic and Gulf Coast Markets

Significant Growth Potential With Stable Financial Profiles

*As of 12/31/2013

Financial Overview of Separation

Steve Smith
Chief Financial Officer



NiSource®

Two Premier Companies with Significant Growth Potential

NiSource		Columbia Pipeline Group
Pure-Play Natural Gas & Electric Utilities Company	**Strategic Focus & Clarity**	Pure-play Pipeline, Midstream & Storage Company
Utility System Modernization & Organic Growth (~$30B Over 20+ Years; ~75% Revenue-Producing)	**Long-Term Investment Opportunity**	Pipeline/Midstream Growth & Modernization ($12-15B Over Next 10 Years; ~90% Fixed Fee)
~$7.4B; Expected to Grow on Average by ~8% Per Year	**Rate Base*/Net Investment Growth**	~$4B; Expected to Grow to ~$12.5B by 2020
Expected Net Earnings Growth 4-6% Per Year	**Long-Term Growth**	Expected EBITDA Growth Driven By Net Investment Growth
Expected to Average 4-6% Per Year	**Long-Term Dividend Growth**	Expected to be Driven By Net Investment Growth
Expected to Maintain Investment-Grade Credit Rating with Strong Liquidity	**Investment-Grade Credit**	Expected to Maintain Investment-Grade Credit Rating with Strong Liquidity

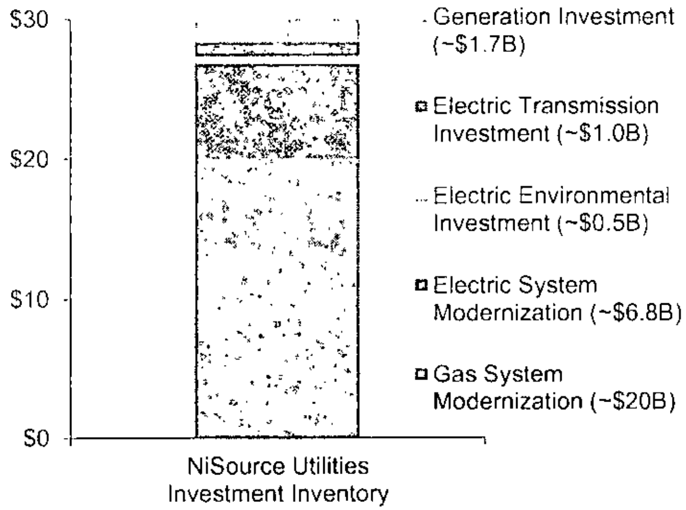
Strong Financial Profiles, Compelling Investment Opportunities

*As of 12/31/2013

Significant Inventory of Projected Growth & Modernization Projects

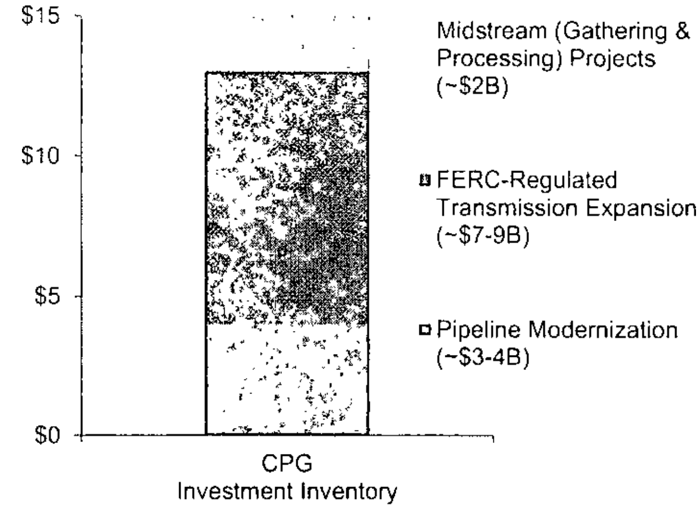
NiSource

~$30B of expected infrastructure investment opportunities over next 20+ years should provide visible organic growth



Columbia Pipeline Group

$12-15B of expected infrastructure investment opportunities over next 10 years should provide sustainable growth



Long-Term Investments Drive Growth for Each Company

NiSource®

Establishing Columbia Pipeline Group (CPG)

MLP
1Q/2015

Columbia Pipeline Partners (NYSE: CPPL)

- Forming MLP
- MLP will be primary funding source for CPG growth capital
- Expected IPO during 1Q 2015

Separation
Mid-2015

Debt Recapitalization (~$3B)

- NiSource Utility Company plans to reduce its net debt prior to separation
- CPG plans to fund a one-time cash distribution to NiSource by issuing its own long-term debt
- NiSource Utility Company debt financing will remain at NiSource Finance Corp.

Anticipated Tax-Free Separation for NiSource and Shareholders

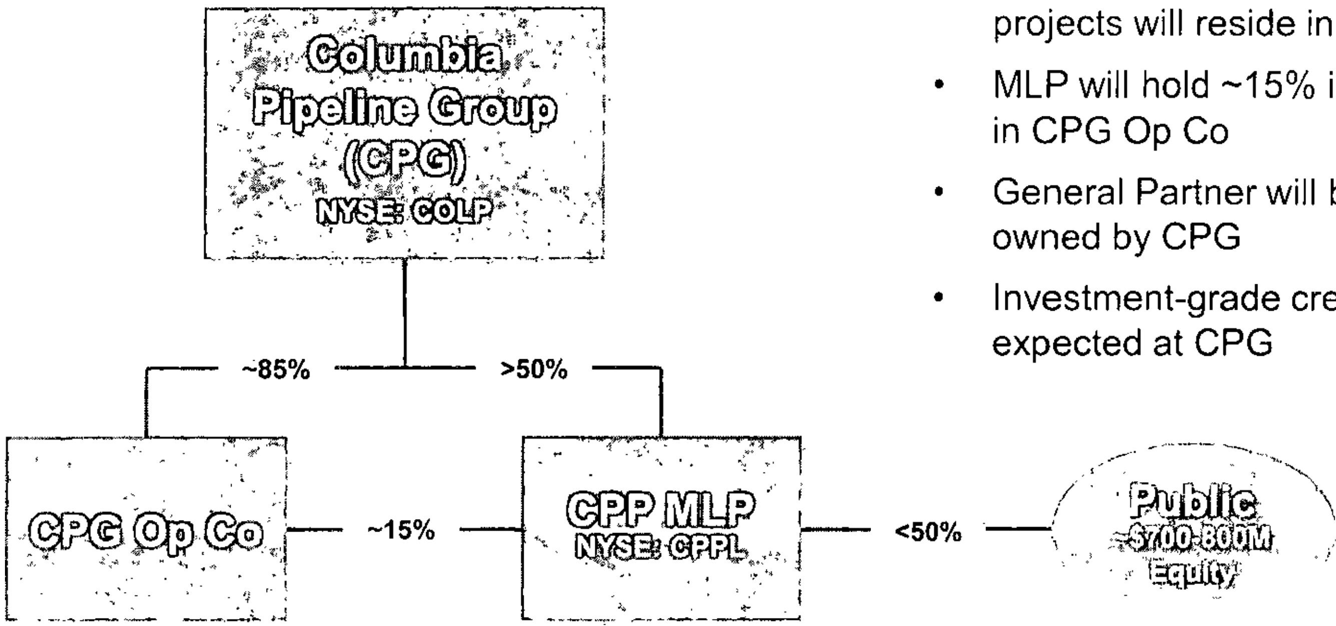
- NiSource shareholders would receive a pro-rata dividend of shares of CPG (NYSE: COLP)
- Dividend expected to be maintained in total at separation and grow thereafter

Two Well-Capitalized Companies, Poised to Deliver Enhanced Long-Term Value

NiSource

Transparent Approach to Future CPG Funding

Columbia Pipeline Partners (CPPL) S-1 Filed September 29, 2014



- ~100% of CPG assets and growth projects will reside in CPG Op Co
- MLP will hold ~15% initial interest in CPG Op Co
- General Partner will be 100% owned by CPG
- Investment-grade credit rating expected at CPG

MLP Formed Prior To CPG Separation

NiSource

Separation Timeline

	3Q 2014	4Q 2014	1Q 2015	2Q 2015	3Q 2015

MLP

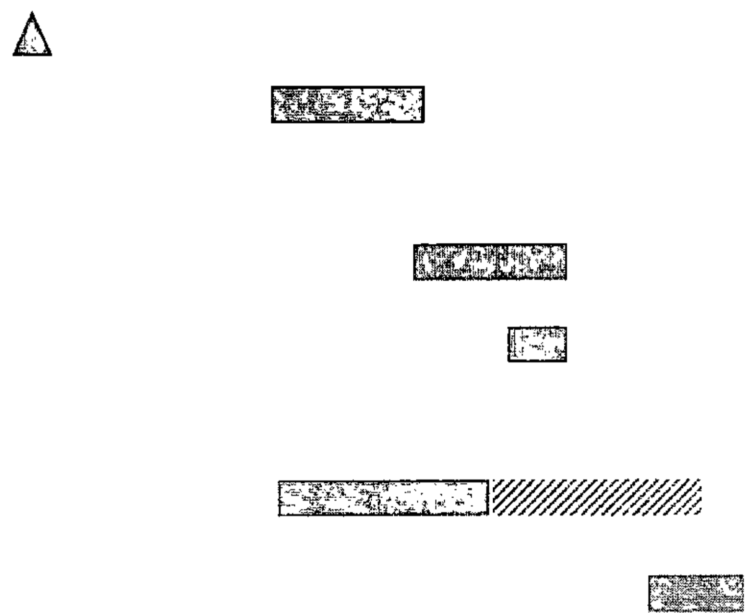
- S-1 Filed
- Anticipated IPO

Debt Recapitalization

- NiSource Debt Reduction
  (Term Loans, Short-Term Debt, Tender Offer)
- Columbia Pipeline Group Debt Issuance

Separation (Expected Mid-2015)

- Form 10 Filing/Path to Separation
- Expected tax-free dividend of CPG
  shares to NI shareholders



Straightforward Approach to Delivering Enhanced Value

NiSource

Summary: Creating Two Premier Energy Infrastructure Companies

Two Companies Positioned to Realize Enhanced Growth Opportunities

NiSource®

Expected to Unlock Full Potential for Both Companies

Focused on Distinct Investment Opportunities, Assets and Customers

Experienced Teams, Proven Track Records

Unique Investment and Risk Profiles

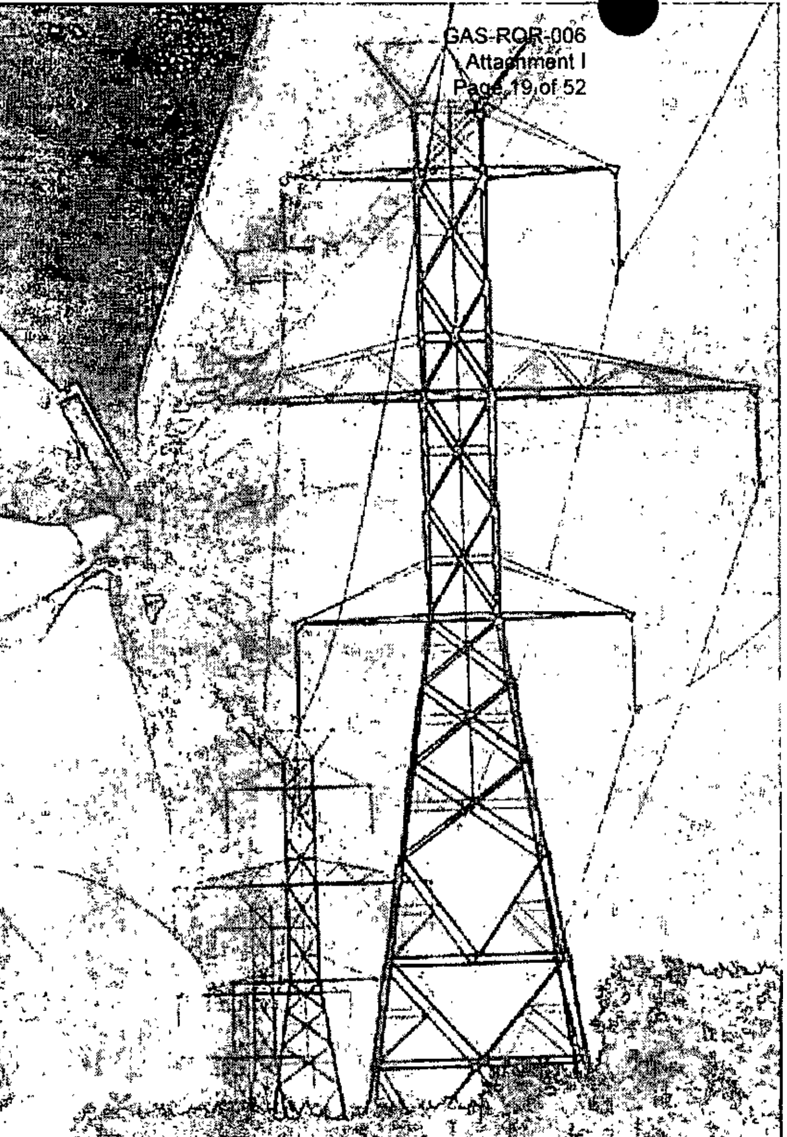
Columbia Pipeline Group

Opportunity to Create Immediate and Long-Term Value for Shareholders

NiSource:
Premier, Pure-Play Natural Gas & Electric Utilities

Joe Hamrock
EVP and Group CEO, NiSource Gas Distribution

Jim Stanley
EVP and Group CEO, NIPSCO



NiSource

NiSource: Premier, Pure-Play Natural Gas & Electric Utilities

- ✓ Industry-leading regulated natural gas and electric utilities company
- ✓ Expected to maintain investment-grade credit rating
- ✓ ~$30B infrastructure investment inventory – driving earnings and dividend growth
- ✓ ~75% of CapEx expected to be revenue-producing
- ✓ Complementary customer programs, rate structures and tracker mechanisms established in all jurisdictions
- ✓ Proven performance in providing safe, reliable, affordable service

100 Percent Regulated + Significant Scale Supports Long-Term Growth

NiSource

NiSource: 100% Regulated Natural Gas & Electric Utilities

NIPSCO

- Indiana Natural Gas Distribution
- Indiana Electric Generation, Transmission & Distribution

Columbia Gas

Gas Distribution Companies

- Kentucky
- Maryland
- Massachusetts
- Ohio
- Pennsylvania
- Virginia

- Large Scale Footprint Across 7 States
- ~3.5M Gas LDC Customers
- ~500K Electric Customers
- Strong Performance and Execution Track Record
- Extensive System Modernization and Organic Growth Inventory
- Constructive Regulatory Environments
- Strong Customer Service

A Strong, Well Established Platform for Growth

NiSource

NiSource Natural Gas & Electric Utilities: Significant Size and Scale

NIPSCO Electric

Fully Integrated Electric Utility in Indiana

- ~500,000 Customers
- 3,300 MW of Environmentally Compliant Generation
- Rate Base ~$3.0B

Columbia Gas of Ohio

- ~1.4 Million Customers
- ~20,000 Miles of Pipe
- Rate Base ~$1.4B

Columbia Gas of Massachusetts

- ~300,000 Customers
- ~4,800 Miles of Pipe
- Rate Base ~$500M

NIPSCO Gas

- ~800,000 Customers
- ~17,000 Miles of Pipe
- Fair Value Rate Base ~$800M

Columbia Gas of Pennsylvania

~400,000 Customers

- ~7,400 Miles of Pipe
- Rate Base ~$950M

Columbia Gas of Kentucky

- ~140,000 Customers
- ~2,600 Miles of Pipe
- Rate Base ~$200M

Columbia Gas of Virginia

- ~250,000 Customers
- ~5,000 Miles of Pipe
- Rate Base ~$500M

Columbia Gas of Maryland

- Complementary to PA Operations
- ~33,000 Customers
- ~750 Miles of Pipe
- Rate Base ~$60M

Growing Rate Base, Earning Allowed Returns

NiSource®

NiSource Natural Gas & Electric Utilities: Strong Execution Track Record

- ✓ Substantial, growing rate base, earning allowed returns
- ✓ Stable and affordable rate design, ~75% of CapEx expected to be revenue-producing
- ✓ Constructive environment for modernization investment and timely recovery
- ✓ Industry-leading safety and reliability performance
- ✓ Robust customer programs and solid satisfaction levels
- ✓ Collaborative, constructive stakeholder relationships

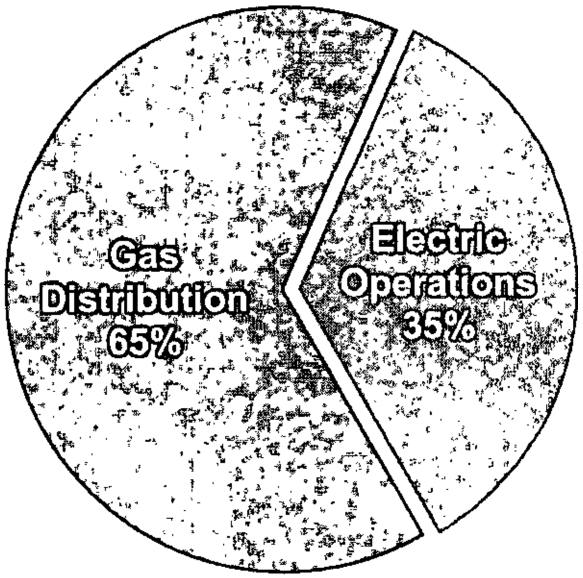
NiSource

NiSource Natural Gas & Electric Utilities: Business Profile

Pure-Play Utility With Large Footprint Across Seven States

Gas Distribution Utilities

- Total Rate Base of ~$4.4B*
- Constructive Regulatory Environments
- Significant Modernization Investment Programs



Operating Earnings

Fully Integrated Electric Utility

- Total Rate Base of ~$3.0B*
- Constructive Regulatory Environment
- Significant Modernization, Enhancement and Environmental Investment Programs

Expected Rate Base Growth Averages ~8% / Year

*Rate Base as of 12/31/2013

NiSource Natural Gas & Electric Utilities: Investment-Driven Growth Strategy

~$30B / 20+ Year Infrastructure Investment Inventory

~$1.2B
Expected
Annual
Capital
Investment

- ✓ Expand Programs and Grow Customer Base
- ✓ Enhance Electric Transmission System
- ✓ Modernize Gas & Electric Infrastructure

4-6%
Expected
EPS &
Dividend
Growth

Disciplined Capital Management, Timely Investment Recovery

NiSource

NiSource Natural Gas Utilities: Attractive Regulatory Construct

Aligning Revenue, Costs and Investments

LDC	Fixed Rate Design (% of Distribution Charge)	Decoupling/Weather Normalization
Columbia Gas of Ohio	100%	N/A
Columbia Gas of Pennsylvania	~50%	✓
Columbia Gas of Massachusetts	~30%	✓
Columbia Gas of Virginia	~55%	✓
Columbia Gas of Kentucky	~60%	✓
Columbia Gas of Maryland	~35%	✓
NIPSCO Gas	~60%	-

Stable Rate Structures: >80% Non-Volumetric Revenue Stream

NiSource®

NiSource Natural Gas Utilities: Industry-Leading Modernization Programs

~$20B / 20+ Year Infrastructure Program Investment Opportunity

Columbia Gas of Ohio	$175 – $200	Tracked	~$5.4B
Columbia Gas of Pennsylvania	$125 – $175	Forward Test Year/Tracked	~$5.7B
Columbia Gas of Massachusetts	$40 – $60	Tracked	~$2.0B
Columbia Gas of Virginia	$20 – $30	Tracked	~$0.8B
Columbia Gas of Kentucky	~$10	Tracked	~$1.0B
Columbia Gas of Maryland	~$10	Tracked	~$0.4B
NIPSCO Gas	$80 – $120	Tracked	~$4.5B
Total Annual Investment:	~$460 – $605		~$20B

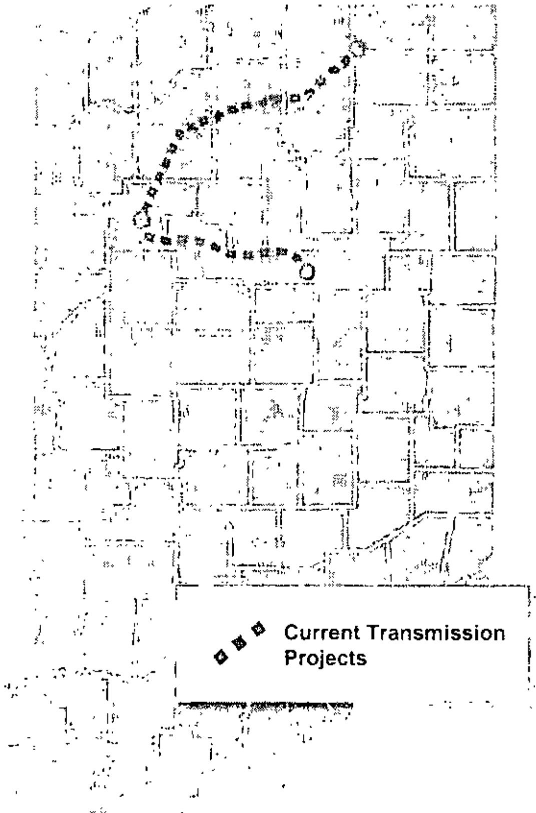
Stakeholder-Aligned, Transparent Recovery Mechanisms

NiSource

NiSource Electric Utility: NIPSCO Infrastructure Investment

~$10B / 20+ Year Electric Infrastructure Investment Opportunity

[illegible]	[illegible]	[illegible]	[illegible]
Electric System Modernization Program	✓	$70 – $250	~$6.8B
Environmental Compliance	✓	$25 – $100	~$0.5B
Transmission Enhancements/Growth	N/A	$80 – $150	~$1.0B
Generation Upgrades	N/A	TBD	~$1.7B
Total Annual Investment:		**~$175 – $500**	**~$10B**



Stakeholder-Aligned, Transparent Recovery Mechanisms

NiSource Natural Gas & Electric Utilities: Summary

~$30B / 20+ Year Infrastructure Investment Inventory

- ✓ Industry-leading regulated natural gas and electric utilities company
- ✓ Track record of collaborative execution and safe, reliable service
- ✓ Complementary rate structures and tracker mechanisms; ~75% of CapEx expected to be revenue-producing
- ✓ Disciplined capital management; solid, investment-grade credit rating

~$1.2B
Expected Annual Capital Investment

→

✓ Expand Programs and Grow Customer Base
✓ Enhance Electric Transmission System
✓ Modernize Gas & Electric Infrastructure

→

4-6%
Expected EPS & Dividend Growth

Driving Long-Term Earnings and Dividend Growth

NiSource

Columbia Pipeline Group (CPG):

A Premier Pipeline, Midstream & Storage Company

Glen Kettering
EVP and Group CEO, Columbia Pipeline Group

Stan Chapman
EVP and Chief Commercial Officer

Brett Stovern
Chief Operating Officer, Midstream

Shawn Patterson
President, Operations and Project Delivery

CPG: A Premier Pipeline, Midstream & Storage Company

- ✓ Highly focused, pure-play pipeline, midstream and storage company
- ✓ Strategically located infrastructure links Marcellus and Utica supply regions to the Midwest, Mid-Atlantic and Gulf Coast markets
- ✓ Transformational growth project inventory potential: $12-15B over 10 years
- ✓ Net investment growth expected to drive EBITDA and dividend growth
- ✓ Expected to maintain investment-grade credit profile and strong liquidity

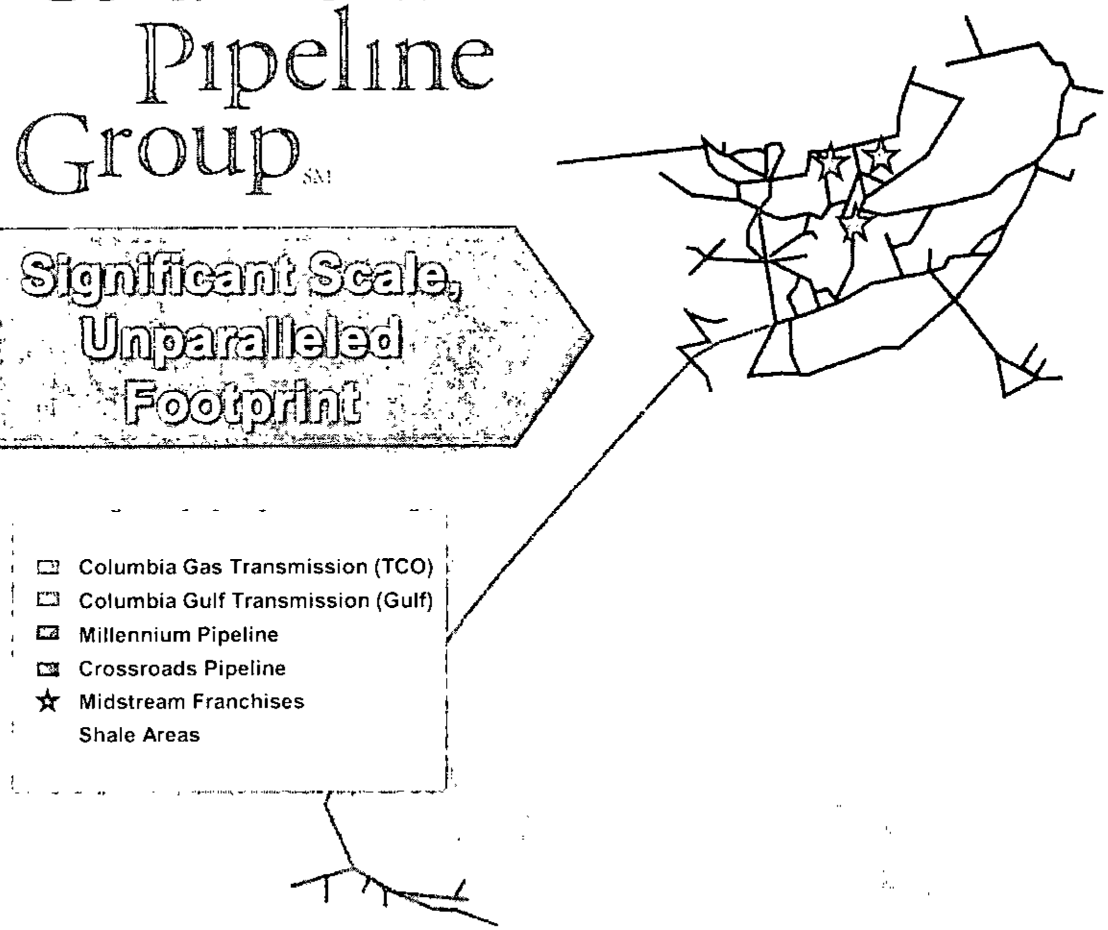
Significant Scale + Unparalleled Footprint + Substantial Investment Inventory

NiSource

CPG: A Premier Pipeline, Midstream & Storage Company

Columbia Pipeline Group[SM]

Significant Scale, Unparalleled Footprint



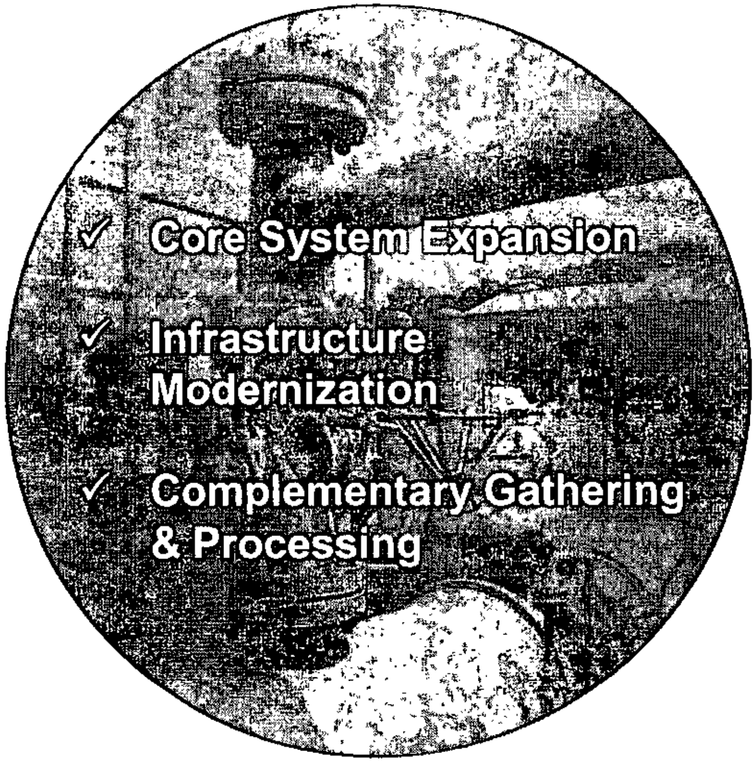
- Serving Attractive Midwest, Mid-Atlantic and Gulf Coast Markets
- Strategically Positioned Overlaying Marcellus and Utica Shale Regions
- 15,000+ Pipeline Miles
- 1.3 Tcf Annual Throughput; ~10 Bcf/Day of Transportation Capacity
- ~300 Bcf of Working Storage Capacity; 4.5 Bcf/Day of Peak Day Storage Deliverability
- Diversified Customer Base: LDCs, Gas-Fired Electric Generators, Producers and Marketers
- Anchored by Long-Term Contracts

NiSource

CPG: Investment-Driven Growth Strategy

$12-15B Expected Organic Growth and Modernization Projects

~$1B+ Expected Annual Capital Investment →



→ Long-Term EBITDA & Dividend Growth

Highly Visible, Attractive Investment Profile

CPG: A Premier Pipeline, Midstream & Storage Company

Stable Revenue Streams

- ~90% Demand Based
- Underpinned with Long-Term Firm Contracts
- Minimal Commodity/Volumetric Exposure
- Customer Supported Modernization Program in Place

Strategic Footprint

- Strategically Situated in Marcellus and Utica Shale Regions
- Serving Attractive Midwest, Mid-Atlantic and Gulf Coast Markets

Significant Scale

- ~$4B Net Investment (Expected to grow to ~$12.5B by 2020)
- $12-15B of Expected Investment Opportunity Over 10 Years

Disciplined Financial Model

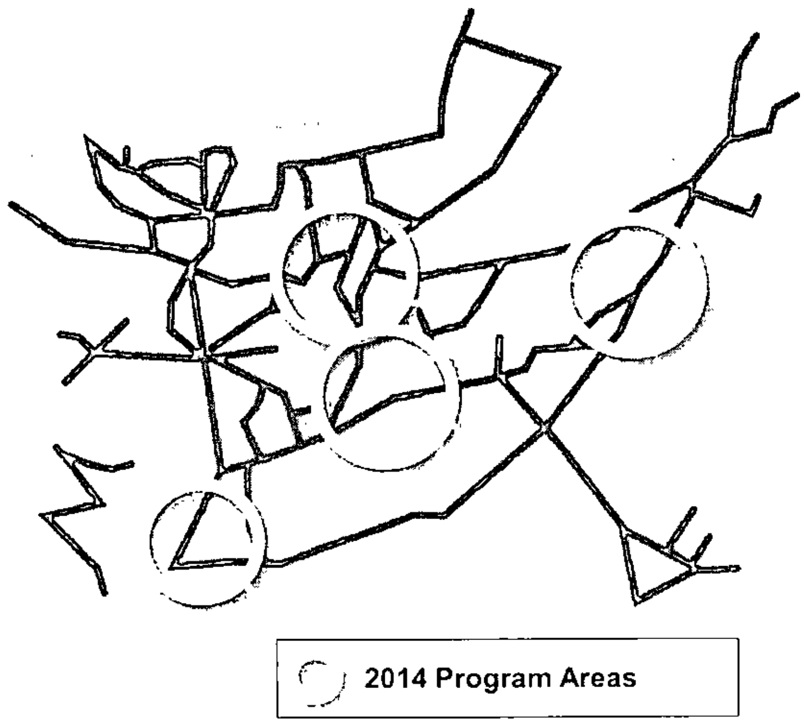
- Rigorous Capital Management and MLP
- Disciplined Project Management and Execution

Transformational Investment-Driven Growth

CPG: System Modernization Program

$4-5B of Long-Term Investment Over 10-15 Years

- Groundbreaking FERC-Approved Settlement
- ~$300M/Year Investment to Modernize Columbia Gas Transmission
  - Upgrading Compression
  - Replacing Aging Infrastructure
  - Increasing In-Line Inspection
- Timely Recovery on Investment
  - February 1 recovery for facilities placed in-service by October 31 of the prior year



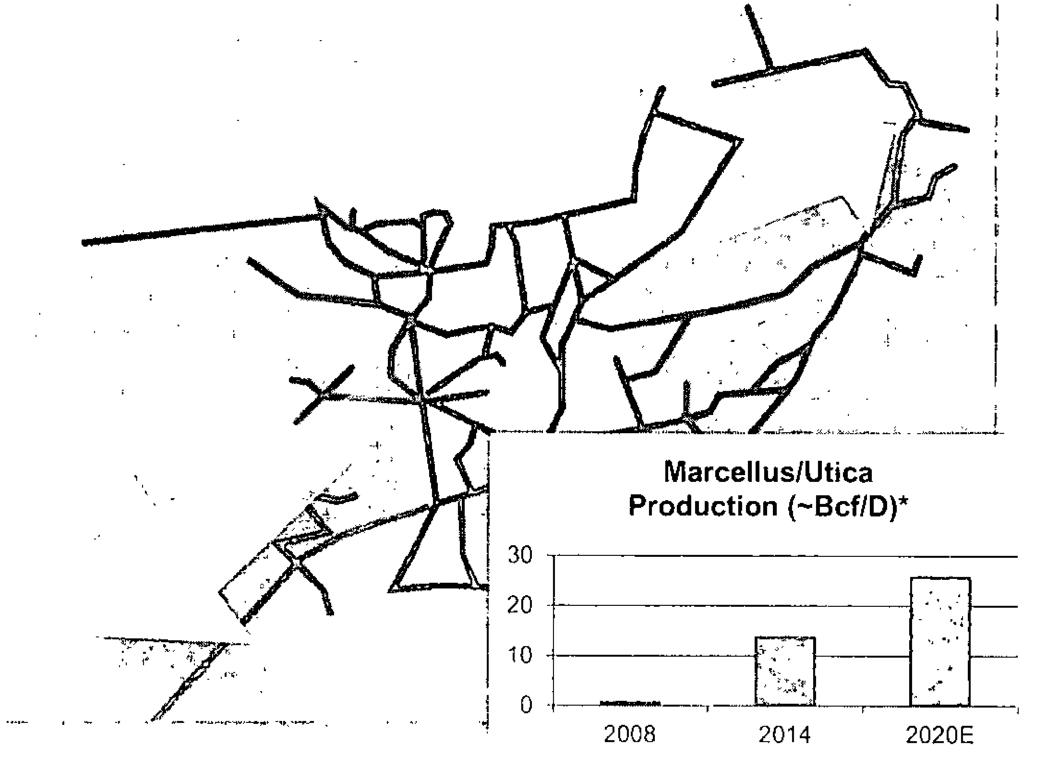
Customer Benefits: Enhancing... Flexibility, Reliability, Safety

NiSource

CPG Growth: Unique Opportunity Created by Strategic Footprint

CPG Well Positioned in Rapidly Changing Landscape

- Past – Gas Flows from Gulf Coast to Appalachia, Mid-Atlantic and Northeast Markets
- Current – Production Growth and New Pipelines
- Future – Expected Production Growth Makes Appalachia Low Cost Supply Base; Gas Flows to the Northeast and Gulf Coast



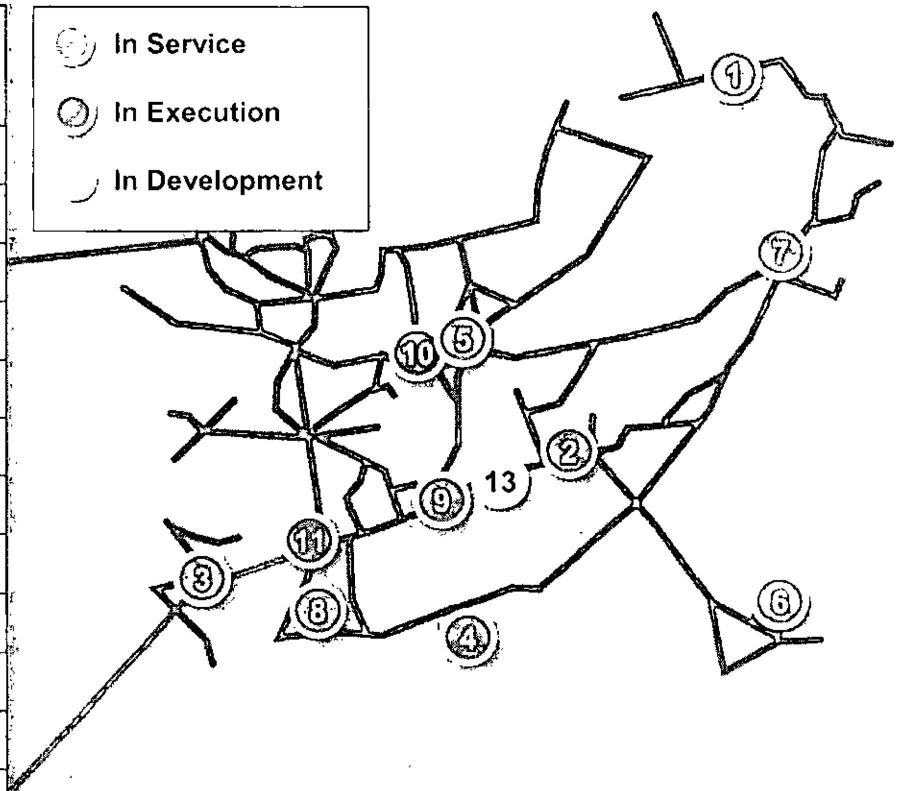
Transformational Growth Opportunities

* Source: Wood Mackenzie

CPG: FERC-Regulated Growth Projects

~$3.6B in Current Growth Projects

($MM)	Project	Estimated Capex	Expected In-Service
1	Millennium - Hancock	$20	1Q 2014
2	Warren County	$35	2Q 2014
3	West Side	$200	4Q 2014
4	Giles County	$25	4Q 2014
5	Line 1570 Upgrade	$20	4Q 2014
6	Chesapeake LNG	$35	2015
7	East Side	$275	3Q 2015
8	AEP Big Sandy	$25	2Q 2016
9	Utica Access	$50	4Q 2016
10	Leach XPress	$1,420	4Q 2017
11	Rayne XPress	$330	4Q 2017
12	Cameron Access	$310	1Q 2018
13	WB Expansion	~$875	4Q 2018



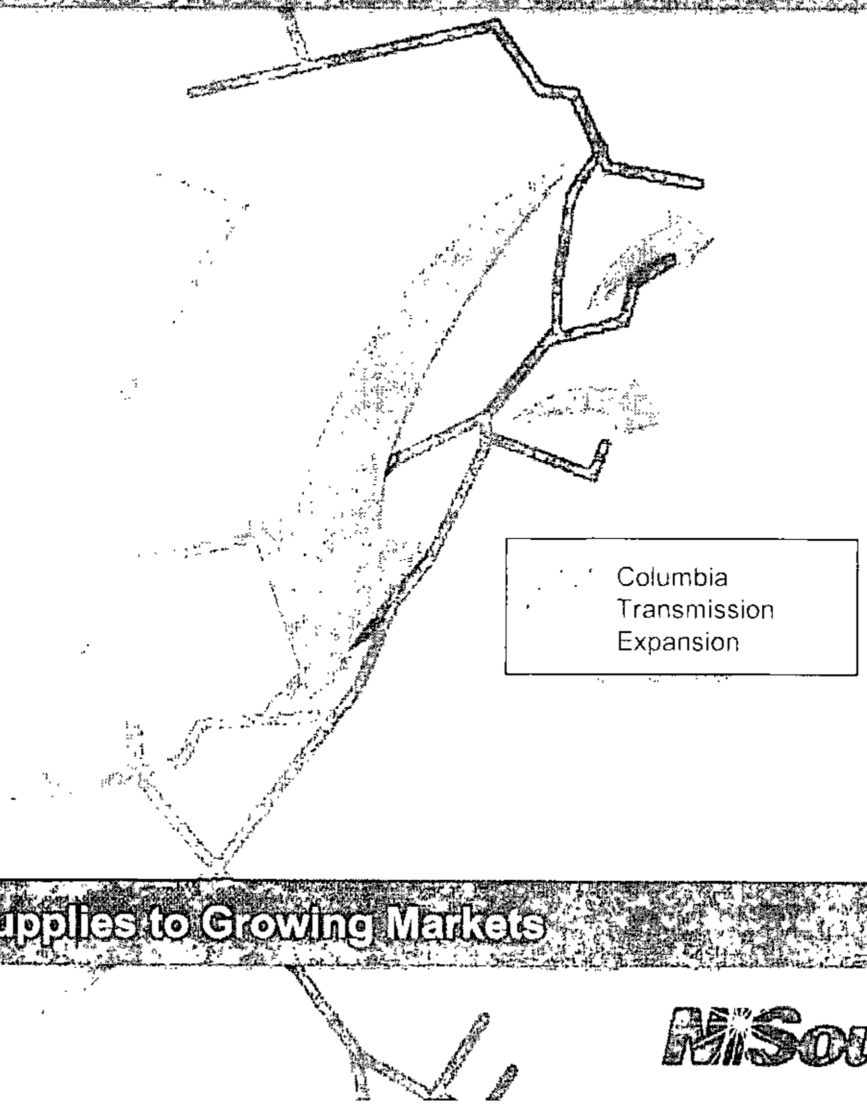
System Modernization: $4-5B over 10-15 Years

NiSource

CPG Growth: East Side Expansion

~$275M Investment, Supported by East Coast LDCs and Marcellus Producers

- Expands facilities to transport Northeast Marcellus supplies to Mid-Atlantic markets
- **~315 MMcf/D** of additional capacity
- Key Customers: South Jersey Gas, South Jersey Resources, New Jersey Natural Gas, Cabot, Southwest Energy
- Planned In-Service: 3Q 2015



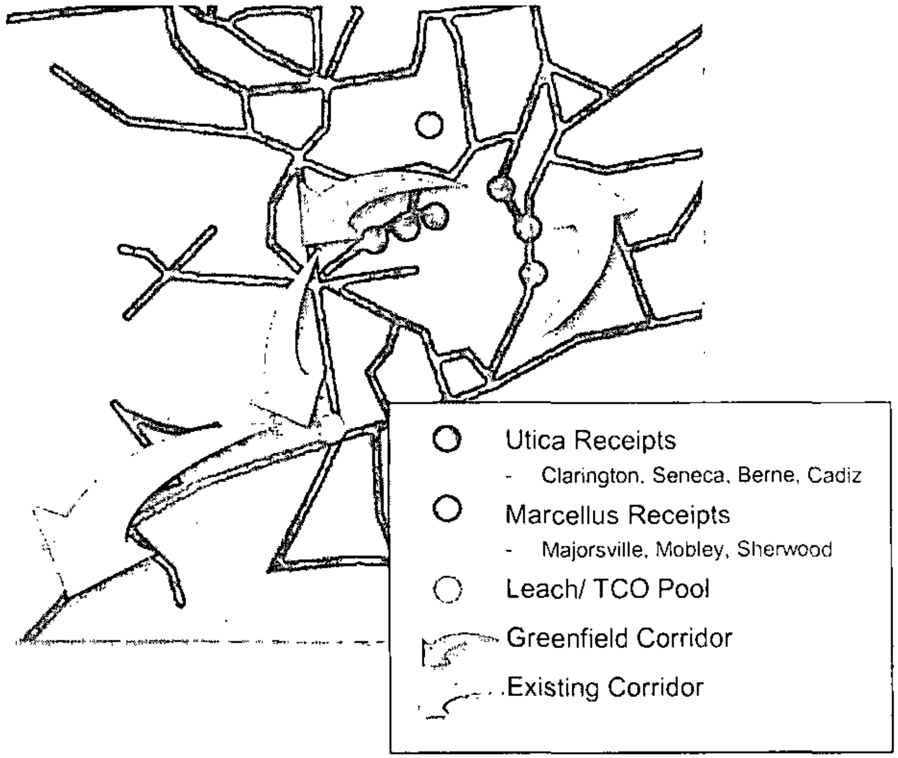
Linking New Supplies to Growing Markets

NiSource

CPG Growth:
Leach and Rayne XPress Projects

Combined ~$1.75B Investment, Supported by Long-Term Firm Contracts

- Adding capacity to transport **1.5 Bcf/D** of Marcellus and Utica supplies from constrained production areas to liquid transaction locations/markets
- ~160 miles of new gas transmission pipeline
- ~165,000 HP of additional compression across multiple sites
- Key Customers: Range Resources, Kaiser Francis, Noble and American Energy Partners
- Planned In-Service: 4Q 2017



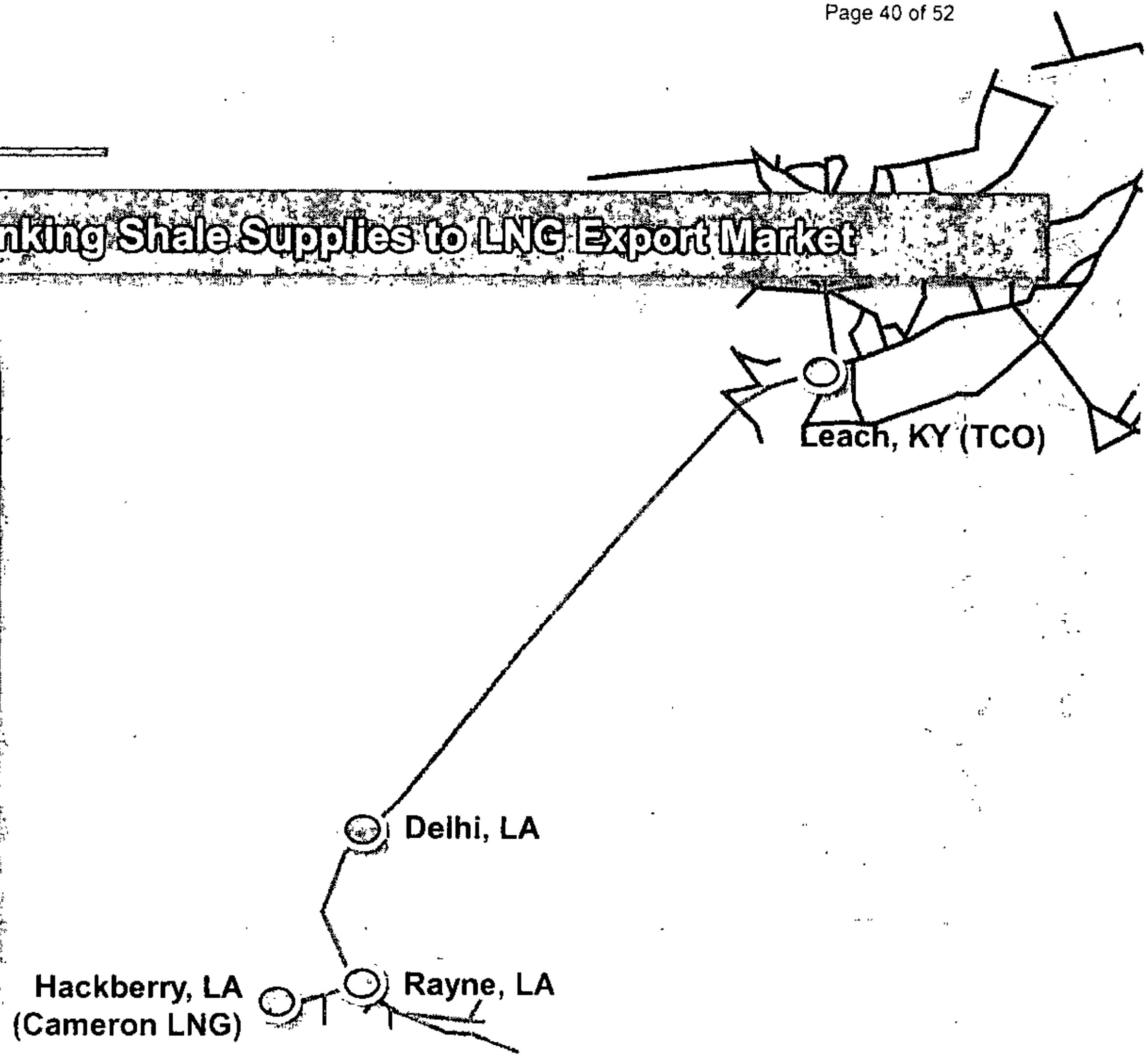
Transformational Growth Opportunities

NiSource

CPG Growth: Cameron Access Project

~$310M Investment, Linking Shale Supplies to LNG Export Market

- Transports supplies from numerous basins to Cameron LNG facility
- New pipeline to the Cameron LNG Facility providing **800 MMcf/D** of capacity from Rayne, Louisiana compressor station
- Key Customers: GDF Suez SA and MMGS, Inc.
- Planned In-Service: 1Q 2018



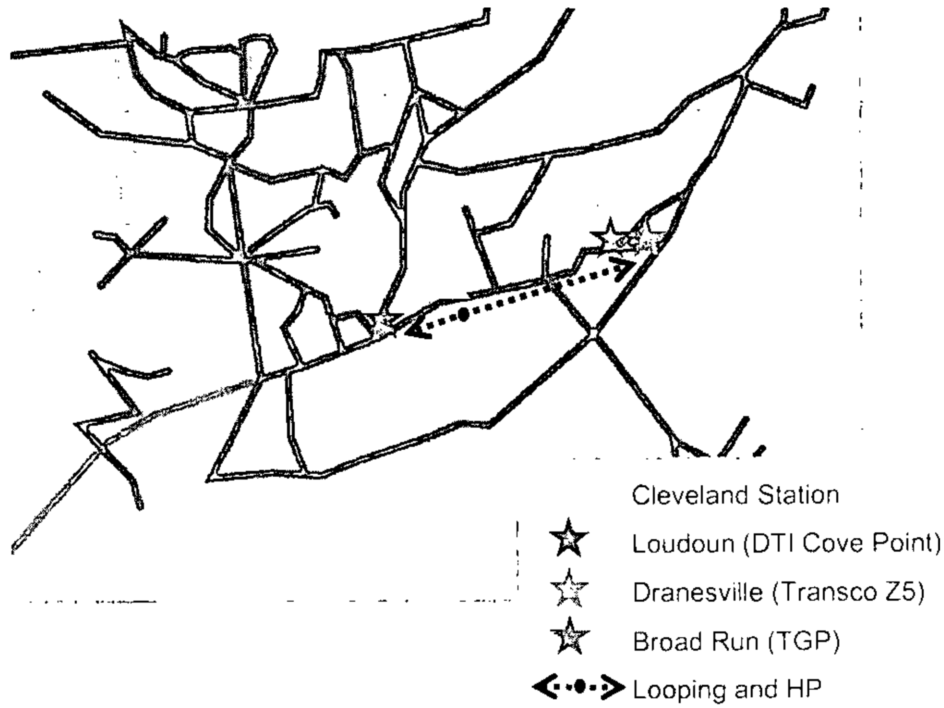
Transformational Growth Opportunities

NiSource

CPG Growth:
WB XPress Project*

~$875M Investment, Linking Marcellus Supplies to Gulf and East Coast Markets

- Additional capacity providing market access for Marcellus supplies
  - **500 MMcf/D east** toward Loudon
  - **800 MMcf/D west** toward Broad Run
- Looping and compression
- Key Customers: Antero and Noble Energy
- Planned In-Service: 4Q 2018



Transformational Growth Opportunities

* In Advanced Development

NiSource

CPG: Growing Midstream Franchise

Majorsville Gathering System

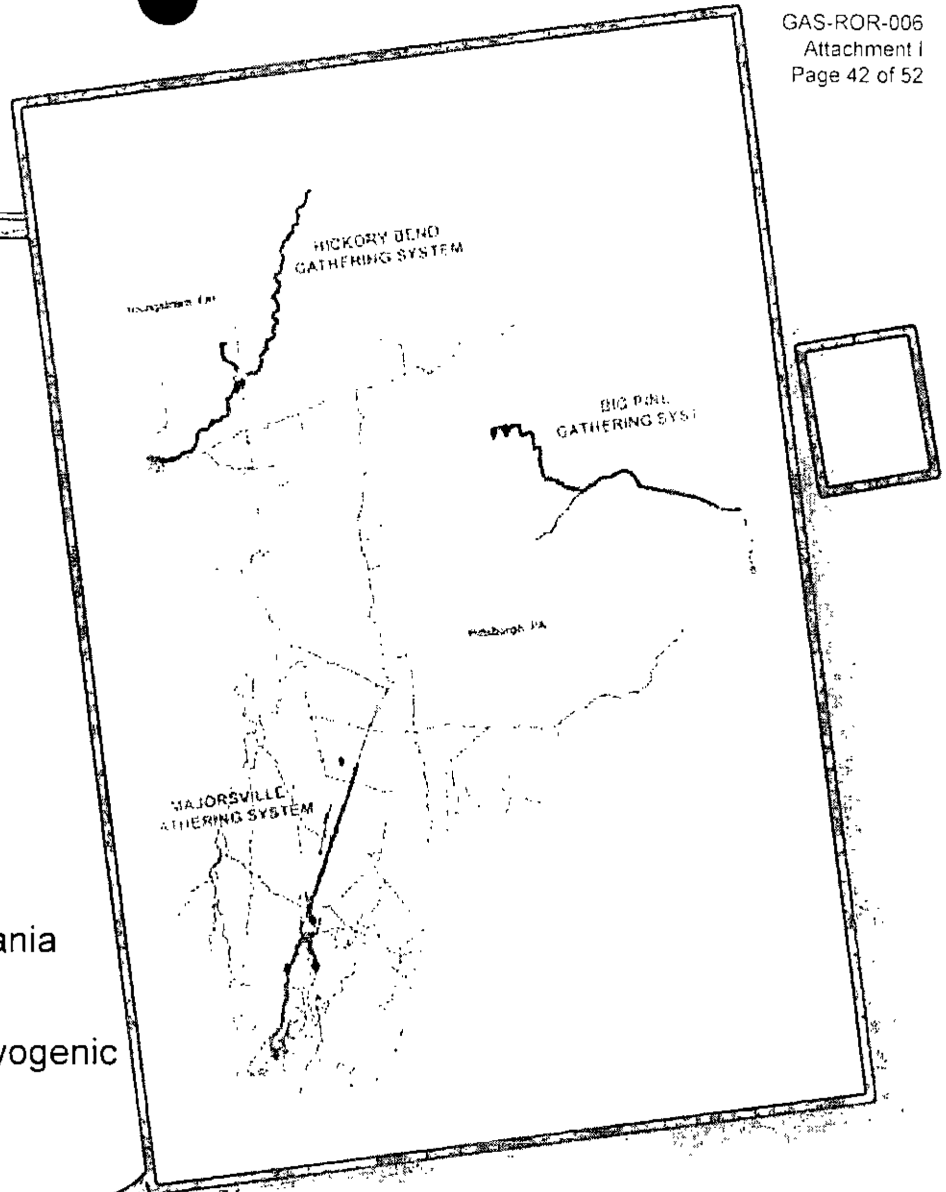
- Northern West Virginia and Southwest Pennsylvania
- 350 MMcfd wet gas gathering pipeline system

Big Pine Gathering System

- Western Pennsylvania
- 20" and 24" high pressure gathering pipeline system

Hickory Bend Gathering System – Pennant Midstream Services, LLC

- Northeast Ohio and Western Pennsylvania
- 50/50 partnership with Hilcorp affiliate
- Wet gas gathering pipeline facilities, cryogenic processing plant and NGL pipeline



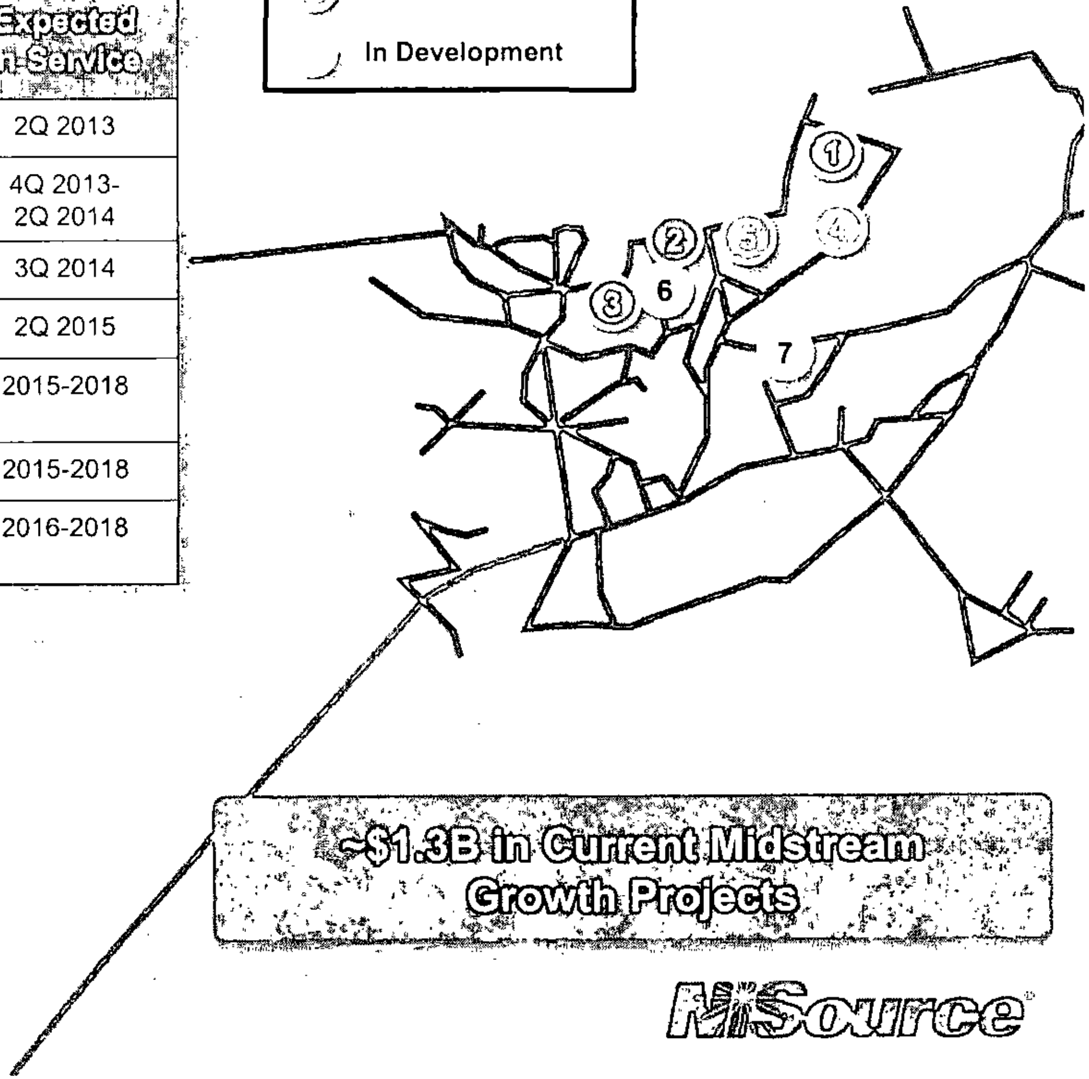
An Established Midstream Player

NiSource

CPG Growth:
Current Midstream Projects

($MM)	Project	Expected CapEx ($ in millions)	Expected In Service
1	Big Pine	$165	2Q 2013
2	Pennant Gathering/Processing	$165	4Q 2013-2Q 2014
3	Pennant NGL Pipeline	$30	3Q 2014
4	Big Pine Expansion	$65	2Q 2015
5	Washington County Gathering	$120	2015-2018
6	Pennant II	$250	2015-2018
7	Appalachia Gathering/Processing	$500	2016-2018

In Service
In Execution
In Development

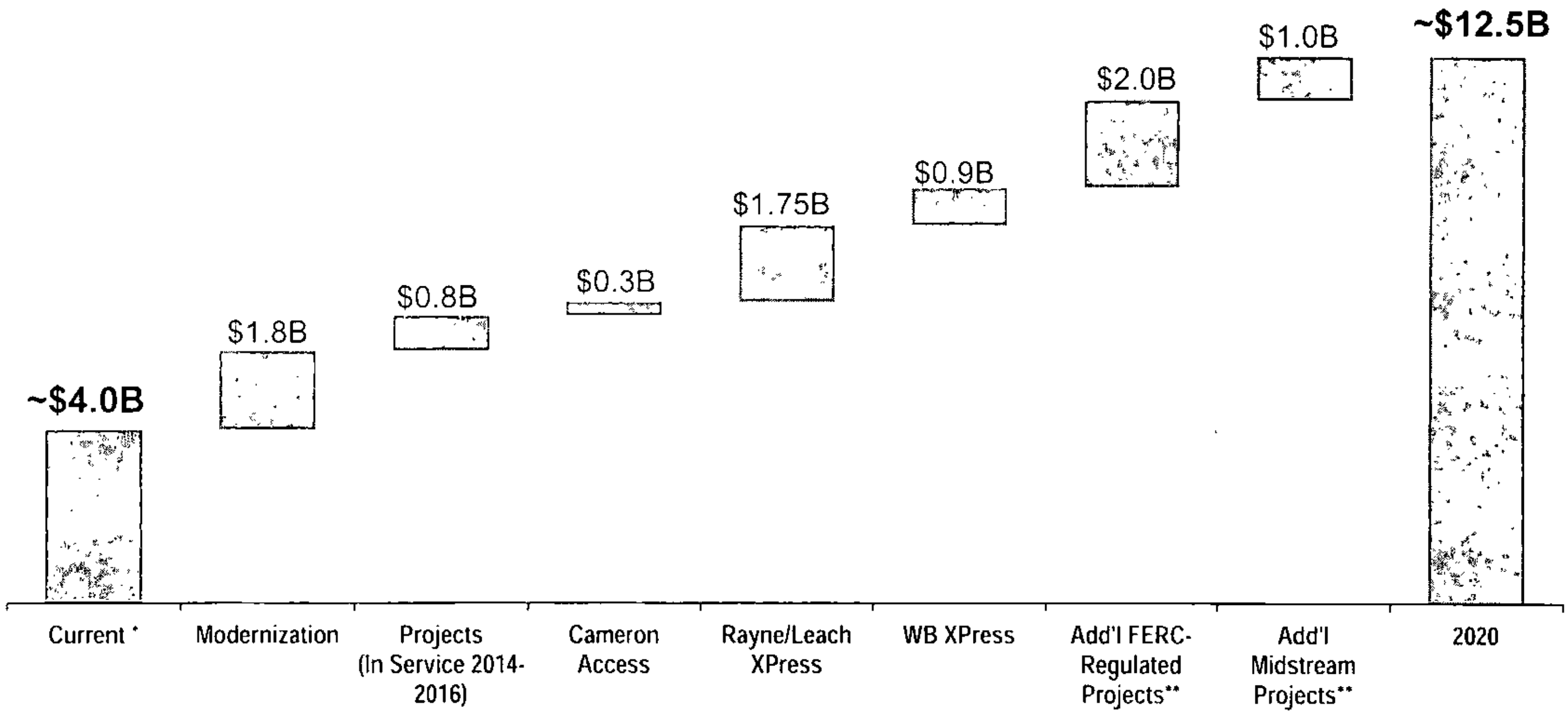


~$1.3B in Current Midstream Growth Projects

NiSource

CPG Investments Expected to Build Significant Scale

Executing on a Robust Investment Opportunity



Significant Net Investment Growth Through 2020

* As of 12/31/2013
** In Development

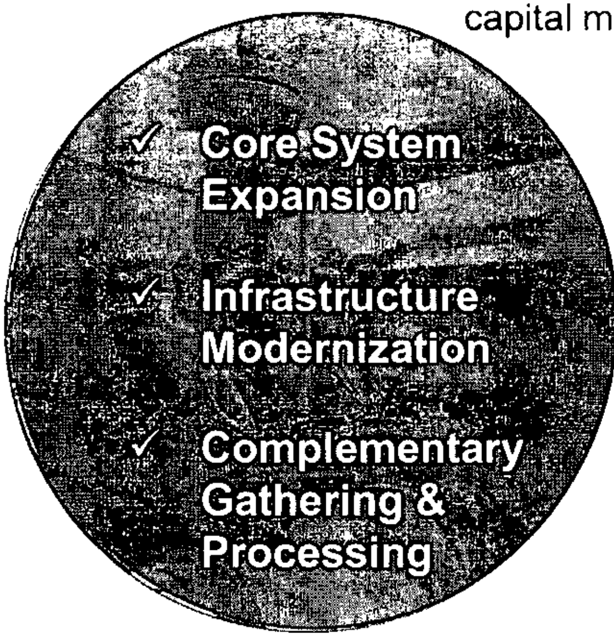
NiSource

CPG: A Premier Pipeline, Midstream & Storage Company

$12-15B of Expected Organic Growth and Modernization Projects Over 10 Years

- ✓ Stable, ~90% fixed revenue stream, underpinned with long-term contracts
- ✓ Strategic footprint, well situated in Marcellus/Utica shale region
- ✓ Significant scale, with ~$4B in net investment, expected to grow to ~$12.5B by 2020
- ✓ Disciplined financial model, with rigorous capital management and MLP

~$1B+ Expected Annual Capital Investment →



→ Long-Term EBITDA and Dividend Growth

Positioned for Transformational, Investment-Driven Growth

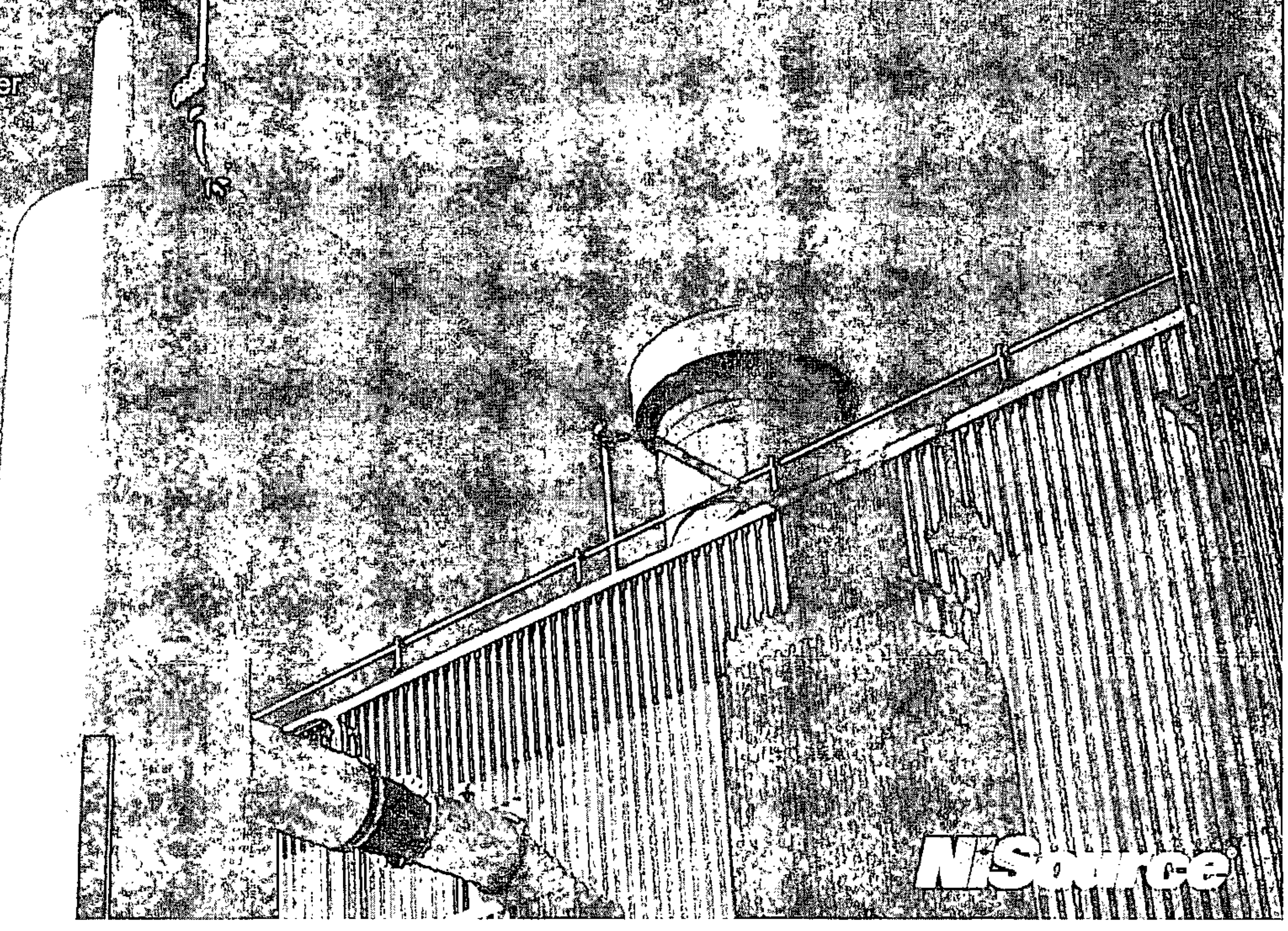
NiSource

Investment Proposition

4

Steve Smith

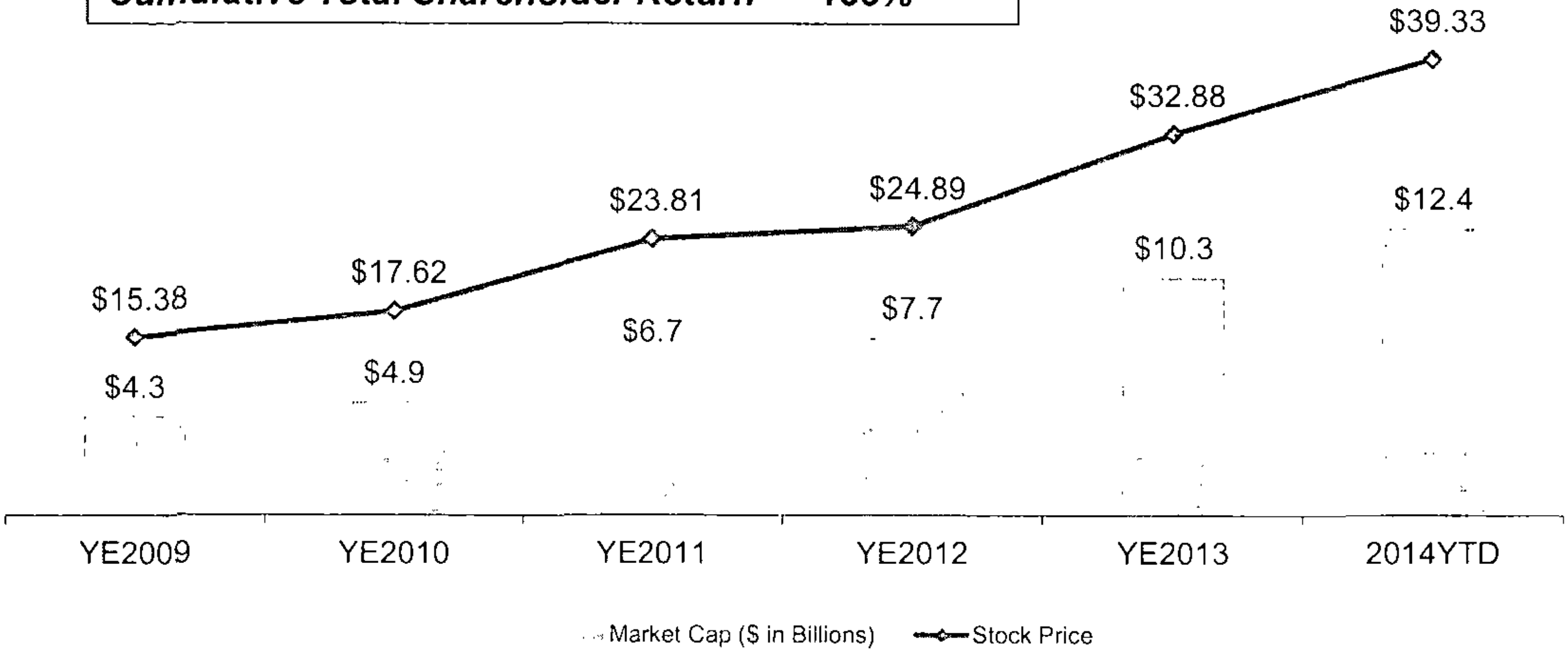
Chief Financial Officer



NiSource Has Historically Delivered Significant Shareholder Value

Established Track Record and Commitment to Creating Shareholder Value

*Cumulative Total Shareholder Return = ~185%**



Separation is a Logical Step in Continuing a Long-Term Value-Creation Strategy

* Includes common stock price appreciation + dividends paid from 1/1/2010 to 9/23/2014

NiSource

Potential to Deliver Enhanced Shareholder Value

Separation would create two well-positioned energy companies, each with high quality assets, focused investment plans and opportunities

- ✓ Highlights and unlocks the value of two unique businesses
- ✓ Both businesses positioned to deliver enhanced earnings growth driven by clear, identified investment-based growth plans
- ✓ Track record of sustained execution for both businesses

Unique strengths should lead to enhanced valuations

- ✓ Increased transparency for each business
- ✓ Improved investor alignment
- ✓ Robust capital investment portfolios for both companies

Other expected key shareholder/ stakeholder benefits:

- ✓ Strong credit profile
- ✓ Manageable cost to achieve
- ✓ Efficient capital funding for each business
- ✓ Dividend expected to be maintained in total at separation and grow thereafter

NiSource

NiSource Utility Company:
Key Investment Considerations

Premier Pure-Play Natural Gas & Electric Utilities Company

NiSource®

- ✓ Focused Business Strategy
- ✓ 100% Regulated Companies Operating in Constructive Regulatory Environments
- ✓ Significant Scale with ~4.0M Customers Across 7 States
- ✓ ~$30B of Expected Infrastructure Investment Over 20+ years
- ✓ Expected to Maintain Current Investment Grade Credit Ratings
- ✓ Expected Earnings and Dividend Growth of 4-6% Annually

A Compelling Investment Proposition

Columbia Pipeline Group:
Key Investment Considerations

Pure-Play Pipeline, Midstream & Storage Company

Columbia Pipeline Group

- ✓ **Focused Business Strategy**
- ✓ **Strategically Located Assets**
  - In rapidly growing Marcellus/Utica production regions with significant investment opportunities
  - Physically linked to major demand centers
- ✓ **Long-Term Modernization Opportunity**
- ✓ **Significant Scale:**
  - $12-15B of expected investment over next 10 years
  - Net Investment expected to grow from ~$4B to ~$12.5B by 2020
- ✓ **Expected to Maintain Current Investment Grade Credit Ratings**
- ✓ **MLP Funding Vehicle**
- ✓ **Expected EBITDA and Dividend Growth Driven by Net Investment Growth**

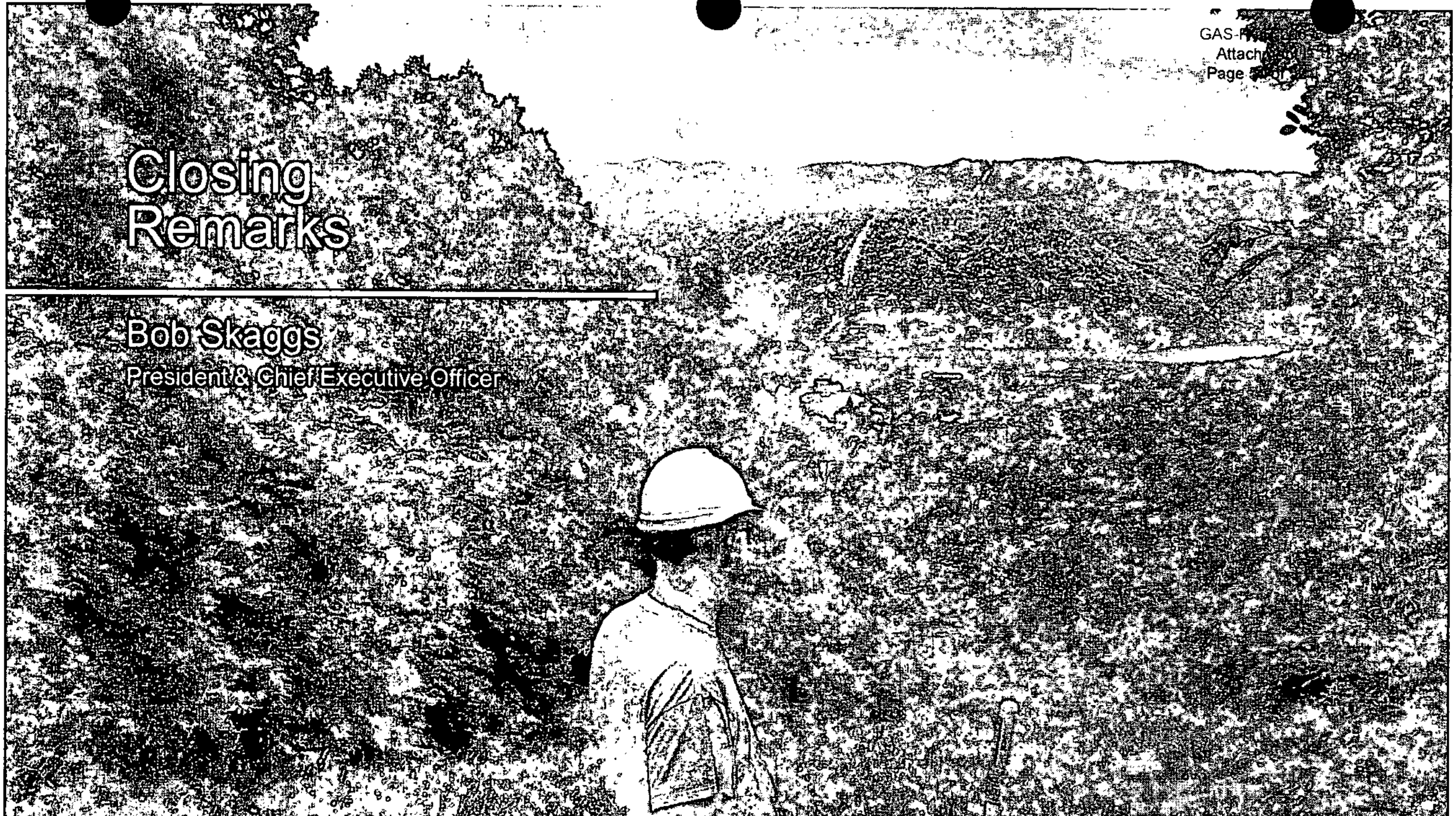
A Compelling Investment Proposition

NiSource

Closing Remarks

Bob Skaggs

President & Chief Executive Officer



Summary: Creating Two Premier Energy Infrastructure Companies

Two Companies Positioned to Realize Enhanced Growth Opportunities

NiSource

Expected to Unlock Full Potential for Both Companies

Focused on Distinct Investment Opportunities, Assets and Customers

Experienced Teams, Proven Track Records

Unique Investment and Risk Profiles

Columbia Pipeline Group

Opportunity to Create Immediate and Long-Term Value for Shareholders

Question No. GAS-ROR-007
Respondent: P.R. Moul

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 both meet new financing needs and to replace maturities of $47.35M and $18.525M on November 28, 2015 and November 28, 2016, respectively.

Issue Date		Principal		Coupon		Maturity
March 2015		$60M		4.16%		30 Year
September 2015		$60M		4.21%		30 Year
March 2016		$45M		4.22%		30 Year

Note: The coupons are based upon the forward curves run on January 22, 2015 from the Bloomberg Financial System plus NiSource's BBB credit spread obtained from Reuter's Corporate Bond Spread Tables.

NiSource Inc.:

NiSource Inc. future debt issuances are currently indeterminable due to a number of variables surrounding company considerations to form a master limited partnership and a Proposed Separation from Columbia Pipeline Group.

Columbia Gas of Pennsylvania, Inc.

Standard Data Request

Rate of Return

Question No. GAS-ROR-008:

Please identify all of the Company's and, if applicable, its parent's publicly underwritten common stock issuances written in the last five years. Identify which such issuances were related to mergers or acquisitions, and which were undertaken to fund facility investments in utility plant and equipment.

Response: Columbia Gas of Pennsylvania, Inc.

Columbia Gas of Pennsylvania, Inc. (Company) is a wholly owned subsidiary of NiSource Gas Distribution, 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. issued 24,265,000 shares of common stock over the last five years (2010-2014) through an underwritten public offering. This issuance was not related to mergers or acquisitions. The net proceeds of the offering were used for general corporate purposes, including the funding of our infrastructure investments.

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:

Columbia Gas of Pennsylvania, Inc. (the Company) issued an intercompany note of $30 million on December 18, 2014 maturing December 16, 2044. The Company plans on issuing three additional intercompany notes in March 2015 ($60 million), September 2015 ($60 million), and March 2016 ($45 million). These notes will be used to replace two intercompany promissory notes maturing in November 2015 ($47.35 million) and November 2016 ($18.525 million) and to fund additional financing needs. The Company does not have preferred stock.