Columbia Gas of Kentucky, Inc.
Case No. 2021-00183
Standard Filing Requirements
5/28/2021
Volume 7c of 9

Tab	Filing Requirement	Description	Responsible Witness(es)
62	807 KAR 5:001 Section 16-(7)(p)	SEC Reports (10-Ks, 8-Ks, 10-Qs)	Jeffery T. Gore

(10-Qs - 2021 and 2020)

Columbia Gas of Kentucky, Inc.
CASE NO. 2021-00183
Forecasted Test Period Filing Requirements
807 KAR 5:001 Section 16-(7)(p)

Description of Filing Requirement:

A copy of the utility's annual report on Form 10-K as filed with the Securities and Exchange Commission for the most recent two (2) years, and any Form 8-K issued during the past two (2) years, and any Form 10-Q issued during the past six (6) quarters;

Response:

Please see attached for Columbia's application for Form 10-Q's and Form 8-K's. Form 10-K is part of the Annual Report to Stockholders and is included with Filing Requirement 16-(7)(l) located at Tab 58.

Responsible Witness:

Jeffery T. Gore

FORM 10-Q

MARCH 31, 2021

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, 2021

or

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

For the transition period from ______ to ______

Commission file number 001-16189

NiSource Inc.

(Exact name of registrant as specified in its charter)

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

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

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

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

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

Yes ☑ No ☐

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

Yes ☑ No ☐

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

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

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

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: Common Stock, $0.01 Par Value: 392,217,046 shares outstanding at April 26, 2021.

NISOURCE INC.
FORM 10-Q QUARTERLY REPORT
FOR THE QUARTER ENDED MARCH 31, 2021

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DEFINED TERMS

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

NiSource Subsidiaries, Affiliates and Former Subsidiaries	
Columbia of Kentucky	Columbia Gas of Kentucky, Inc.
Columbia of Maryland	Columbia Gas of Maryland, Inc.
Columbia of Massachusetts	Bay State Gas Company
Columbia of Ohio	Columbia Gas of Ohio, Inc.
Columbia of Pennsylvania	Columbia Gas of Pennsylvania, Inc.
Columbia of Virginia	Columbia Gas of Virginia, Inc.
NIPSCO	Northern Indiana Public Service Company LLC
NiSource ("we," "us" or "our")	NiSource Inc.
Rosewater	Rosewater Wind Generation LLC and its wholly owned subsidiary, Rosewater Wind Farm LLC
Abbreviations and Other	
ACE	Affordable Clean Energy
AFUDC	Allowance for funds used during construction
AOCI	Accumulated Other Comprehensive Income (Loss)
ASC	Accounting Standards Codification
ASU	Accounting Standards Update
ATM	At-the-market
BTA	Build-transfer agreement
CCRs	Coal Combustion Residuals
CEP	Capital Expenditure Program
CERCLA	Comprehensive Environmental Response Compensation and Liability Act (also known as Superfund)
COVID-19 ("the COVID-19 pandemic" or "the pandemic")	Novel Coronavirus 2019
DSIC	Distribution System Improvement Charge
DPU	Department of Public Utilities
EPA	United States Environmental Protection Agency
EPS	Earnings per share
FAC	Fuel adjustment clause
FMCA	Federally Mandated Cost Adjustment
GAAP	Generally Accepted Accounting Principles
GCA	Gas cost adjustment
GHG	Greenhouse gases
GWh	Gigawatt hours
HLBV	Hypothetical Liquidation at Book Value
IRP	Infrastructure Replacement Program
IURC	Indiana Utility Regulatory Commission
LIBOR	London InterBank Offered Rate
LIFO	Last In, First Out
MA DOR	Massachusetts Department of Revenue
Massachusetts Business	All of the assets sold to, and liabilities assumed by, Eversource pursuant to the Asset Purchase Agreement

DEFINED TERMS

MGP	Manufactured Gas Plant
MISO	Midcontinent Independent System Operator
MMDth	Million dekatherms
MW	Megawatts
MWh	Megawatt hours
NTSB	National Transportation Safety Board
NYMEX	New York Mercantile Exchange
OPEB	Other Postretirement Benefits
PHMSA	Pipeline and Hazardous Materials Safety Administration
PPA	Power Purchase Agreement
PSC	Public Service Commission
PUC	Public Utilities Commission
RCRA	Resource Conservation and Recovery Act
RFP	Request for proposals
SAVE	Steps to Advance Virginia's Energy Plan
SEC	Securities and Exchange Commission
SMRP	Safety Modification and Replacement Program
SMS	Safety Management System
STRIDE	Strategic Infrastructure Development Enhancement
TCJA	An Act to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018 (commonly known as the Tax Cuts and Jobs Act of 2017)
TDSIC	Transmission, Distribution and Storage System Improvement Charge
VIE	Variable Interest Entity

Note regarding forward-looking statements

This Quarterly Report on Form 10-Q contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Investors and prospective investors should understand that many factors govern whether any forward-looking statement contained herein will be or can be realized. Any one of those factors could cause actual results to differ materially from those projected. These forward-looking statements include, but are not limited to, statements concerning our plans, strategies, objectives, expected performance, expenditures, recovery of expenditures through rates, stated on either a consolidated or segment basis, and any and all underlying assumptions and other statements that are other than statements of historical fact. Expressions of future goals and expectations and similar expressions, including "may," "will," "should," "could," "would," "aims," "seeks," "expects," "plans," "anticipates," "intends," "believes," "estimates," "predicts," "potential," "targets," "forecast," and "continue," reflecting something other than historical fact are intended to identify forward-looking statements. All forward-looking statements are based on assumptions that management believes to be reasonable; however, there can be no assurance that actual results will not differ materially.

Factors that could cause actual results to differ materially from the projections, forecasts, estimates and expectations discussed in this Quarterly Report on Form 10-Q include, among other things, our ability to execute our business plan or growth strategy, including utility infrastructure investments; potential incidents and other operating risks associated with our business; our ability to adapt to, and manage costs related to, advances in technology; impacts related to our aging infrastructure; our ability to obtain sufficient insurance coverage and whether such coverage will protect us against significant losses; the success of our electric generation strategy; construction risks and natural gas costs and supply risks; fluctuations in demand from residential and commercial customers; fluctuations in the price of energy commodities and related transportation costs or an inability to obtain an adequate, reliable and cost-effective fuel supply to meet customer demands; the attraction and retention of a qualified workforce and ability to maintain good labor relations; our ability to manage new initiatives and organizational changes; the performance of third-party suppliers and service providers; potential cyber-attacks; any damage to our reputation; any remaining liabilities or impact related to the sale of the Massachusetts Business; the impacts of natural disasters, potential terrorist attacks or other catastrophic events; the impacts of climate change and extreme weather conditions; our debt obligations; any changes to our credit rating or the credit rating of certain of our subsidiaries; adverse economic and capital market conditions or increases in interest rates; economic regulation and the impact of regulatory rate reviews; our ability to obtain expected financial or regulatory outcomes; continuing and potential future impacts from the COVID-19 pandemic; economic conditions in certain industries; the reliability of customers and suppliers to fulfill their payment and contractual obligations; the ability of our subsidiaries to generate cash; pension funding obligations; potential impairments of goodwill; changes in the method for determining LIBOR and the potential replacement of the LIBOR benchmark interest rate; the outcome of legal and regulatory proceedings, investigations, incidents, claims and litigation; potential remaining liabilities related to the Greater Lawrence Incident; compliance with the agreements entered into with the U.S. Attorney's Office to settle the U.S. Attorney's Office's investigation relating to the Greater Lawrence Incident; compliance with applicable laws, regulations and tariffs; compliance with environmental laws and the costs of associated liabilities; changes in taxation; other matters in the "Risk Factors" section of our Annual Report on Form 10-K for the fiscal year ended December 31, 2020; and matters related to our Equity Units as set forth in the "Risk Factors" section of this Quarterly Report on Form 10-Q, many of which risks are beyond our control. In addition, the relative contributions to profitability by each business segment, and the assumptions underlying the forward-looking statements relating thereto, may change over time.

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

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PART I

ITEM 1. FINANCIAL STATEMENTS

NiSource Inc.
Condensed Statements of Consolidated Income (unaudited)

(in millions, except per share amounts)	Three Months Ended March 31, 2021	2020
Operating Revenues		
Customer revenues	**$ 1,506.5**	$ 1,525.9
Other revenues	**39.1**	79.6
Total Operating Revenues	**1,545.6**	1,605.5
Operating Expenses		
Cost of energy	**476.8**	462.4
Operation and maintenance	**361.5**	444.6
Depreciation and amortization	**185.0**	184.3
Loss on sale of assets, net	**8.1**	280.1
Other taxes	**81.0**	85.9
Total Operating Expenses	**1,112.4**	1,457.3
Operating Income	**433.2**	148.2
Other Income (Deductions)		
Interest expense, net	**(84.6)**	(92.9)
Other, net	**10.5**	5.4
Total Other Deductions, Net	**(74.1)**	(87.5)
Income before Income Taxes	**359.1**	60.7
Income Taxes	**62.6**	(14.9)
Net Income	**296.5**	75.6
Net income attributable to noncontrolling interest	**1.0**	—
Net Income attributable to NiSource	**295.5**	75.6
Preferred dividends	**(13.8)**	(13.8)
Net Income Available to Common Shareholders	**281.7**	61.8
Earnings Per Share		
Basic Earnings Per Share	**$ 0.72**	$ 0.16
Diluted Earnings Per Share	**$ 0.72**	$ 0.16
Basic Average Common Shares Outstanding	**392.7**	383.1
Diluted Average Common Shares	**393.9**	384.1

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)

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

	Three Months Ended March 31,	
(in millions, net of taxes)	**2021**	2020
Net Income	**$ 296.5**	$ 75.6
Other comprehensive income (loss):		
Net unrealized loss on available-for-sale debt securities[1]	**(2.5)**	(5.4)
Net unrealized gain (loss) on cash flow hedges[2]	**84.6**	(133.3)
Unrecognized pension and OPEB benefit (costs)[3]	**(0.9)**	0.7
Total other comprehensive income (loss)	**81.2**	(138.0)
Comprehensive Income (Loss)	**$ 377.7**	$ (62.4)

[1]Net unrealized loss on available-for-sale debt securities, net of $0.7 million and $1.4 million tax benefit in the first quarter of 2021 and 2020, respectively.
[2]Net unrealized gain (loss) on cash flow hedges, net of $28.0 million tax expense and $44.1 million tax benefit in the first quarter of 2021 and 2020, respectively.
[3]Unrecognized pension and OPEB benefit (costs), net of $0.9 million tax expense and $0.3 million tax benefit in the first quarter of 2021 and 2020, respectively.

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

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Condensed Consolidated Balance Sheets (unaudited)

(in millions)	**March 31, 2021**	December 31, 2020
ASSETS		
Property, Plant and Equipment		
Plant	**$ 24,524.7**	$ 24,179.9
Accumulated depreciation and amortization	**(7,688.0)**	(7,560.4)
Net Property, Plant and Equipment[(1)]	**16,836.7**	16,619.5
Investments and Other Assets		
Available-for-sale debt securities (amortized cost of $163.8 and $163.9, allowance for credit losses of $0.3 and $0.5, respectively)	**167.9**	170.9
Other investments	**81.5**	81.1
Total Investments and Other Assets	**249.4**	252.0
Current Assets		
Cash and cash equivalents	**89.1**	116.5
Restricted cash	**7.6**	9.1
Accounts receivable	**848.4**	843.6
Allowance for credit losses	**(53.9)**	(52.3)
Accounts receivable, net	**794.5**	791.3
Gas inventory	**48.1**	191.2
Materials and supplies, at average cost	**145.6**	141.5
Electric production fuel, at average cost	**52.5**	68.4
Exchange gas receivable	**53.7**	34.1
Regulatory assets	**188.9**	135.7
Deferred property taxes	**104.2**	85.6
Prepayments and other	**109.3**	86.0
Total Current Assets[(1)]	**1,593.5**	1,659.4
Other Assets		
Regulatory assets	**1,791.3**	1,794.8
Goodwill	**1,485.9**	1,485.9
Deferred charges and other	**237.7**	228.9
Total Other Assets	**3,514.9**	3,509.6
Total Assets	**$ 22,194.5**	$ 22,040.5

[(1)]Includes $174.2 million and $175.6 million of net property, plant and equipment assets and $4.2 million and $1.7 million of current assets of a consolidated VIE as of March 31, 2021 and December 31, 2020 that may be used only to settle obligations of the consolidated VIE. Refer to Note 15 "Variable Interest Entities" for additional information.

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

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ITEM 1. FINANCIAL STATEMENTS (continued)

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

(in millions, except share amounts)	**March 31, 2021**	December 31, 2020
CAPITALIZATION AND LIABILITIES		
Capitalization		
Stockholders' Equity		
Common stock - $0.01 par value, 600,000,000 shares authorized; 392,129,866 and 391,760,051 shares outstanding, respectively	**$ 3.9**	$ 3.9
Preferred stock - $0.01 par value, 20,000,000 shares authorized; 440,000 shares outstanding	**880.0**	880.0
Treasury stock	**(99.9)**	(99.9)
Additional paid-in capital	**6,892.9**	6,890.1
Retained deficit	**(1,669.8)**	(1,765.2)
Accumulated other comprehensive loss	**(75.5)**	(156.7)
Total NiSource Stockholders' Equity	**5,931.6**	5,752.2
Noncontrolling interest in consolidated subsidiaries	**94.1**	85.6
Total Stockholders' Equity	**6,025.7**	5,837.8
Long-term debt, excluding amounts due within one year	**9,202.3**	9,219.8
Total Capitalization	**15,228.0**	15,057.6
Current Liabilities		
Current portion of long-term debt	**44.4**	23.3
Short-term borrowings	**520.0**	503.0
Accounts payable	**554.9**	589.0
Dividends payable - common stock	**86.3**	—
Dividends payable - preferred stock	**19.4**	—
Customer deposits and credits	**146.7**	243.3
Taxes accrued	**301.5**	244.1
Interest accrued	**94.6**	104.7
Exchange gas payable	**25.5**	48.5
Regulatory liabilities	**169.6**	161.3
Accrued compensation and employee benefits	**131.2**	141.8
Other accruals	**164.7**	220.4
Total Current Liabilities	**2,258.8**	2,279.4
Other Liabilities		
Deferred income taxes	**1,573.6**	1,470.6
Accrued liability for postretirement and postemployment benefits	**328.9**	336.1
Regulatory liabilities	**1,881.0**	1,904.2
Asset retirement obligations	**479.7**	477.1
Other noncurrent liabilities	**444.5**	515.5
Total Other Liabilities	**4,707.7**	4,703.5
Commitments and Contingencies (Refer to Note 17, "Other Commitments and Contingencies")		
Total Capitalization and Liabilities	**$ 22,194.5**	$ 22,040.5

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

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ITEM 1. FINANCIAL STATEMENTS (continued)

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

Three Months Ended March 31, *(in millions)*		**2021**		2020
Operating Activities				
Net Income	**$**	**296.5**	$	75.6
Adjustments to Reconcile Net Income to Net Cash from Operating Activities:				
Depreciation and amortization		**185.0**		184.3
Deferred income taxes and investment tax credits		**55.2**		(19.9)
Loss on sale of assets		**8.1**		280.2
Other adjustments		**3.5**		7.9
Changes in Assets and Liabilities:				
Components of working capital		**(89.3)**		(147.1)
Regulatory assets/liabilities		**8.4**		12.9
Deferred charges and other noncurrent assets		**(10.7)**		(12.1)
Other noncurrent liabilities		**(8.4)**		(11.9)
Net Cash Flows from Operating Activities		**448.3**		369.9
Investing Activities				
Capital expenditures		**(367.0)**		(452.1)
Cost of removal		**(26.9)**		(34.5)
Purchases of available-for-sale securities		**(16.6)**		(43.5)
Sales of available-for-sale securities		**16.9**		45.4
Payment to renewable generation asset developer		**(7.4)**		—
Other investing activities		**(0.8)**		0.1
Net Cash Flows used for Investing Activities		**(401.8)**		(484.6)
Financing Activities				
Repayments of long-term debt and finance lease obligations		**(5.9)**		(4.1)
Issuance of short-term debt (maturity > 90 days)		**—**		500.0
Change in short-term borrowings, net (maturity ≤ 90 days)		**17.0**		(226.8)
Issuance of common stock, net of issuance costs		**2.8**		3.7
Equity costs, premiums and other debt related costs		**(2.5)**		(5.1)
Contributions from non-controlling interest, net of issuance costs		**7.5**		—
Dividends paid - common stock		**(86.2)**		(80.3)
Dividends paid - preferred stock		**(8.1)**		(8.1)
Net Cash Flows (used for) from Financing Activities		**(75.4)**		179.3
Change in cash, cash equivalents and restricted cash		**(28.9)**		64.6
Cash, cash equivalents and restricted cash at beginning of period		**125.6**		148.4
Cash, Cash Equivalents and Restricted Cash at End of Period	**$**	**96.7**	$	213.0

Supplemental Disclosures of Cash Flow Information

Three Months Ended March 31, *(in millions)*		**2021**		2020
Non-cash transactions:				
Capital expenditures included in current liabilities	**$**	**155.6**	$	150.5
Dividends declared but not paid		**105.7**		99.8
Assets recorded for asset retirement obligations		**—**		69.8
Obligation to developer at formation of joint venture	**$**	**6.0**	$	—

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

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Condensed Statements of Consolidated Equity (unaudited)

(in millions)	Common Stock	Preferred Stock[1]	Treasury Stock	Additional Paid-In Capital	Retained Deficit	Accumulated Other Comprehensive Loss	Noncontrolling Interest in Consolidated Subsidiaries	Total
Balance as of January 1, 2021	**$ 3.9**	**$ 880.0**	**$ (99.9)**	**$ 6,890.1**	**$ (1,765.2)**	**$ (156.7)**	**$ 85.6**	**$ 5,837.8**
Comprehensive Income:								
Net income	—	—	—	—	295.5	—	1.0	296.5
Other comprehensive income, net of tax	—	—	—	—	—	81.2	—	81.2
Dividends:								
Common stock ($0.44 per share)	—	—	—	—	(172.6)	—	—	(172.6)
Preferred stock (See Note 5)	—	—	—	—	(27.5)	—	—	(27.5)
Contribution from noncontrolling interest	—	—	—	—	—	—	7.5	7.5
Stock issuances:								
Employee stock purchase plan	—	—	—	1.3	—	—	—	1.3
Long-term incentive plan	—	—	—	(0.5)	—	—	—	(0.5)
401(k) and profit sharing	—	—	—	2.3	—	—	—	2.3
ATM program	—	—	—	(0.3)	—	—	—	(0.3)
Balance as of March 31, 2021	**$ 3.9**	**$ 880.0**	**$ (99.9)**	**$ 6,892.9**	**$ (1,669.8)**	**$ (75.5)**	**$ 94.1**	**$ 6,025.7**

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

(in millions)	Common Stock	Preferred Stock[1]	Treasury Stock	Additional Paid-In Capital	Retained Deficit	Accumulated Other Comprehensive Loss	Noncontrolling Interest in Consolidated Subsidiaries	Total
Balance as of January 1, 2020	**$ 3.8**	**$ 880.0**	**$ (99.9)**	**$ 6,666.2**	**$ (1,370.8)**	**$ (92.6)**	**$ —**	**$ 5,986.7**
Comprehensive Income:								
Net income	—	—	—	—	75.6	—	—	75.6
Other comprehensive loss, net of tax	—	—	—	—	—	(138.0)	—	(138.0)
Dividends:								
Common stock ($0.42 per share)	—	—	—	—	(160.7)	—	—	(160.7)
Preferred stock (See Note 5)	—	—	—	—	(27.5)	—	—	(27.5)
Stock issuances:								
Employee stock purchase plan	—	—	—	1.3	—	—	—	1.3
Long-term incentive plan	—	—	—	(0.5)	—	—	—	(0.5)
401(k) and profit sharing	—	—	—	4.5	—	—	—	4.5
Balance as of March 31, 2020	**$ 3.8**	**$ 880.0**	**$ (99.9)**	**$ 6,671.5**	**$ (1,483.4)**	**$ (230.6)**	**$ —**	**$ 5,741.4**

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

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

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ITEM 1. FINANCIAL STATEMENTS (continued)

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

	Preferred	Common		
Shares *(in thousands)*	**Shares**	**Shares**	**Treasury**	**Outstanding**
Balance as of January 1, 2021	**440**	**395,723**	**(3,963)**	**391,760**
Issued:				
Employee stock purchase plan	—	55	—	55
Long-term incentive plan	—	212	—	212
401(k) and profit sharing	—	103	—	103
Balance as of March 31, 2021	**440**	**396,093**	**(3,963)**	**392,130**

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

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

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ITEM 1. FINANCIAL STATEMENTS (continued)

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

1. Basis of Accounting Presentation

Our accompanying Condensed Consolidated Financial Statements (unaudited) reflect all normal recurring adjustments that are necessary, in the opinion of management, to present fairly the results of operations in accordance with GAAP in the United States of America. The accompanying financial statements include the accounts of us, our majority-owned subsidiaries, and VIEs of which we are the primary beneficiary after the elimination of all intercompany accounts and transactions.

The accompanying financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2020. Income for interim periods may not be indicative of results for the calendar year due to weather variations and other factors.

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

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2. Recent Accounting Pronouncements

Recently Issued Accounting Pronouncements

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

Standard	Description	Effective Date	Effect on the financial statements or other significant matters
ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Statement*	This pronouncement provides temporary optional expedients and exceptions for applying GAAP principles to contract modifications and hedging relationships to ease the financial reporting burdens of the expected market transition from LIBOR and other interbank offered rates to alternative reference rates.	Upon issuance on March 12, 2020, and will apply though December 31, 2022.	We continue to evaluate the temporary expedients and options available under this guidance, and the effects of this pronouncement on our Condensed Consolidated Financial Statements (unaudited) and Notes to Condensed Consolidated Financial Statements (unaudited). We are currently identifying and evaluating contracts that may be impacted. As of March 31, 2021, we have not applied any expedients and options available under this ASU.
ASU 2021-01, *Reference Rate Reform (Topic 848): Scope*			
ASU 2020-06, *Debt with Conversion and Other Options (Subtopic 470-20) and Derivative and Hedging - Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity*	This pronouncement simplifies the accounting for certain financial instruments with characteristics of liabilities and equity, including convertible instruments and contracts on an entity's own equity. Specifically, the ASU "simplifies accounting for convertible instruments by removing major separation models required under current GAAP." In addition, the ASU "removes certain settlement conditions that are required for equity contracts to qualify for it" and "simplifies the diluted earnings per share (EPS) calculations in certain areas."	Annual period beginning after December 15, 2021, and interim periods within those fiscal years.	We continue to evaluate the effects of this pronouncement on our Condensed Consolidated Financial Statements (unaudited) and Notes to Condensed Consolidated Financial Statements (unaudited) as it pertains to any relevant future activity. We expect to adopt this ASU on its effective date.

Recently Adopted Accounting Pronouncements

Standard	Adoption
ASU 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*	This pronouncement simplifies the accounting for income taxes by eliminating certain exceptions to the general principles in ASC 740, income taxes. It also improves consistency of application for other areas of the guidance by clarifying and amending existing guidance. We adopted the amendments of this pronouncement as of January 1, 2021 with no material impact to the Condensed Consolidated Financial Statements (unaudited).

3. Revenue Recognition

Revenue Disaggregation and Reconciliation. We disaggregate revenue from contracts with customers based upon reportable segment, as well as by customer class. As our revenues are primarily earned over a period of time and we do not earn a material amount of revenues at a point in time, revenues are not disaggregated as such below. The Gas Distribution Operations segment provides natural gas service and transportation for residential, commercial and industrial customers in Ohio, Pennsylvania, Virginia, Kentucky, Maryland, and Indiana. We completed the sale of the Massachusetts Business on October 9, 2020. The Electric Operations segment provides electric service in 20 counties in the northern part of Indiana.

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ITEM 1. FINANCIAL STATEMENTS (continued)

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

The tables below reconcile revenue disaggregation by customer class to segment revenue, as well as to revenues reflected on the Condensed Statements of Consolidated Income (unaudited) for the three months ended March 31, 2021 and March 31, 2020:

Three Months Ended March 31, 2021 *(in millions)*	Gas Distribution Operations	Electric Operations	Corporate and Other[2]	Total
Customer Revenues[1]				
Residential	$ 773.5	$ 129.2	$ —	$ 902.7
Commercial	271.4	122.9	—	394.3
Industrial	57.9	122.9	—	180.8
Off-system	14.4	—	—	14.4
Miscellaneous	9.9	4.2	0.2	14.3
Total Customer Revenues	$ 1,127.1	$ 379.2	$ 0.2	$ 1,506.5
Other Revenues	8.7	23.3	7.1	39.1
Total Operating Revenues	$ 1,135.8	$ 402.5	$ 7.3	$ 1,545.6

[1] Customer revenue amounts exclude intersegment revenues. See Note 20, "Business Segment Information," for discussion of intersegment revenues.
[2] Other revenues related to the Transition Services Agreement entered into in connection with the sale of the Massachusetts Business.

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

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

Customer Accounts Receivable. Accounts receivable on our Condensed Consolidated Balance Sheets (unaudited) includes both billed and unbilled amounts, as well as certain amounts that are not related to customer revenues. Unbilled amounts of accounts receivable relate to a portion of a customer's consumption of gas or electricity from the date of the last cycle billing through the last day of the month (balance sheet date). Factors taken into consideration when estimating unbilled revenue include historical usage, customer rates and weather. The opening and closing balances of customer receivables for the three months ended March 31, 2021 are presented in the table below. We had no significant contract assets or liabilities during the period. Additionally, we have not incurred any significant costs to obtain or fulfill contracts.

(in millions)	Customer Accounts Receivable, Billed (less reserve)	Customer Accounts Receivable, Unbilled (less reserve)
Balance as of December 31, 2020	$ 400.0	$ 327.2
Balance as of March 31, 2021	507.4	244.3
Increase (Decrease)	$ 107.4	$ (82.9)

Utility revenues are billed to customers monthly on a cycle basis. We expect that substantially all customer accounts receivable will be collected following customer billing, as this revenue consists primarily of periodic, tariff-based billings for service and usage. We maintain common utility credit risk mitigation practices, including requiring deposits and actively pursuing collection of past due amounts. Our regulated operations also utilize certain regulatory mechanisms that facilitate recovery of bad debt costs within tariff-based rates, which provides further evidence of collectibility. In connection with the COVID-19 pandemic, certain state regulatory commissions instituted regulatory moratoriums that impacted our ability to pursue our

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standard credit risk mitigation practices. Following the issuance of these moratoriums, certain of our regulated operations have been authorized to recognize a regulatory asset for bad debt costs above levels currently in rates. We have reinstated our common credit mitigation practices where moratoriums have expired (see Note 8, "Regulatory Matters," for additional information on regulatory moratoriums and regulatory assets). It is probable that substantially all of the consideration to which we are entitled from customers will be collected upon satisfaction of performance obligations.

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

At each reporting period, we record expected credit losses using an allowance for credit losses account. When deemed to be uncollectible, customer accounts are written-off. A rollforward of our allowance for credit losses for the three months ended March 31, 2021 are presented in the table below:

Three Months Ended March 31, 2021 (*in millions*)	Gas Distribution Operations	Electric Operations	Corporate and Other	Total
Beginning balance	$ 41.8	$ 9.7	$ 0.8	$ 52.3
Current period provisions	5.9	2.9	—	8.8
Write-offs charged against allowance	(9.0)	(2.4)	—	(11.4)
Recoveries of amounts previously written off	4.1	0.1	—	4.2
Ending balance of the allowance for credit losses	$ 42.8	$ 10.3	$ 0.8	$ 53.9

As of March 31, 2021, we have also evaluated the adequacy of our allowance for credit losses in light of the suspension of shut-offs for nonpayment due to the COVID-19 pandemic that remain in effect for certain jurisdictions. Our evaluation included an analysis of customer payment trends in 2020, economic conditions, receivables aging, considerations of past economic downturns and the associated allowance for credit losses and customer account write-offs. In addition, we considered benefits available under governmental COVID-19 relief programs, the impact of unemployment benefits initiatives, and flexible payment plans being offered to customers affected by or experiencing hardship as a result of the pandemic, which could help to mitigate the potential for increasing customer account delinquencies. Based upon this evaluation, we have concluded that the allowance for credit losses as of March 31, 2021 adequately reflected the collection risk and net realizable value for our receivables. We will continue to monitor changing circumstances and will adjust our allowance for credit losses accordingly.

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4. Earnings Per Share

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

	Three Months Ended March 31,	
(in thousands)	**2021**	2020
Basic average common shares outstanding	**392,657**	383,062
Dilutive potential common shares:		
Shares contingently issuable under employee stock plans	**630**	845
Shares restricted under employee stock plans	**288**	207
Forward Agreement	**337**	—
Diluted Average Common Shares	**393,912**	384,114

5. Equity

ATM Program and Forward Sale Agreement. On February 22, 2021, we entered into six separate equity distribution agreements pursuant to which we are able to sell up to an aggregate of $750.0 million of our common stock.

On February 23, 2021, under the ATM program, we executed a forward agreement, which allows us to issue a fixed number of shares at a price to be settled in the future. From February 24, 2021 to March 17, 2021, we borrowed 6,672,740 shares from third parties, which the dealer sold at a weighted average price of $22.48 per share. We may settle this agreement in shares, cash, or net shares by December 15, 2021. Had we settled all the shares under the forward agreement at March 31, 2021, we would have received approximately $148.5 million, based on a net price of $22.25 per share.

As of March 31, 2021, the ATM program (including the impacts of the forward sale agreement discussed above) had approximately $600.0 million of equity available for issuance. The program expires on December 31, 2023.

Preferred Stock. As of March 31, 2021, we had 20,000,000 shares of preferred stock authorized for issuance, of which 440,000 shares of preferred stock in the aggregate for all series were outstanding. The following table displays preferred dividends declared for the period by outstanding series of shares:

			Three Months Ended March 31,		March 31	December 31,
			2021	2020	2021	2020
(in millions except shares and per share amounts)	Liquidation Preference Per Share	Shares	Dividends Declared Per Share		Outstanding	
5.650% Series A	$ 1,000.00	400,000	28.25	28.25	$ 393.9	$ 393.9
6.500% Series B	$ 25,000.00	20,000	812.50	812.50	$ 486.1	$ 486.1

In addition, 20,000 shares of Series B–1 Preferred Stock, par value $0.01 per share, were outstanding as of March 31, 2021. Holders of Series B–1 Preferred Stock are not entitled to receive dividend payments and have no conversion rights. The Series B–1 Preferred Stock is paired with the Series B Preferred Stock and may not be transferred, redeemed or repurchased except in connection with the simultaneous transfer, redemption or repurchase of the underlying Series B Preferred Stock.

As of March 31, 2021 and 2020, Series A Preferred Stock had $6.7 million of cumulative preferred dividends in arrears, or $16.63 per share, and Series B Preferred Stock had $1.4 million of cumulative preferred dividends in arrears, or $72.23 per share.

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6. Gas in Storage

We use both the LIFO inventory methodology and the weighted-average cost methodology to value natural gas in storage. Gas Distribution Operations prices natural gas storage injections at the average of the costs of natural gas supply purchased during the year. For interim periods, the difference between current projected replacement cost and the LIFO cost for quantities of gas temporarily withdrawn from storage is recorded as a temporary LIFO liquidation credit or debit within the Condensed Consolidated Balance Sheets (unaudited). Due to seasonality requirements, we expect interim variances in LIFO layers to be replenished by year end. We had a temporary LIFO liquidation debit of $22.3 million and zero as of March 31, 2021 and December 31, 2020, respectively, for certain gas distribution companies recorded within “Prepayments and other,” on the Condensed Consolidated Balance Sheets (unaudited).

7. Property, Plant and Equipment

In 2020, the MISO approved NIPSCO's plan to retire the R.M. Schahfer Generating Station in 2023. The December 2019 NIPSCO electric rate case order included approval to create a regulatory asset upon the retirement of the R.M. Schahfer Generating Station. The order allows for the recovery of and on the net book value of the station by the end of 2032.

In connection with the MISO's approval of NIPSCO's planned retirement of the R.M. Schahfer Generating Station, we recorded plant retirement-related charges during 2020 comprised of write downs of certain capital projects that have been cancelled and materials and supplies inventory balances deemed obsolete due to the planned retirement. As more information becomes available, the retirement date of the R.M. Schahfer Generating Station will be finalized, and additional plant retirement-related charges may be incurred. An immaterial amount of plant retirement-related charges were included within "Operation and maintenance" in the Condensed Statement of Consolidated Income (unaudited) during the three months ended March 31, 2021. On March 11, 2021, NIPSCO submitted modified Attachment Y Notices to MISO requesting an updated retirement date for two of the four coal fired units at R.M. Schahfer Generating Station. The two units are now expected to be retired by the end of 2021, with the remaining two units still scheduled to be retired in 2023. At retirement, the net book value of the retired units will be reclassified from "Net Property, Plant and Equipment", to current and long-term “Regulatory Assets.” The total net book value of R.M. Schahfer Generating Station's coal units and other associated plant was $861.6 million at March 31, 2021.

On April 28, 2021, in response to a Motion filed by certain parties in NIPSCO's quarterly FAC proceeding, the IURC created a sub-docket proceeding in order to receive additional information related to the planned retirements of Units 14 and 15 by the end of 2021 and any resulting cost impacts to customers. NIPSCO does not anticipate that the sub-docket proceeding will impact the planned timing of end of year 2021 for the unit retirements.

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ITEM 1. FINANCIAL STATEMENTS (continued)

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

8. Regulatory Matters

COVID-19 Regulatory Filings

In response to COVID-19, we received approvals or directives from the regulatory commissions in the states in which we operate. The ongoing impacts of these approvals or directives are described in the table below:

Jurisdiction	Moratorium in Place?	Regulatory Asset balance as of March 31, 2021 *(in millions)*		Deferred COVID-19 Costs
Columbia of Ohio	No	$	2.0	Incremental operation and maintenance expenses
NIPSCO	No	$	12.0	Incremental bad debt expense and the costs to implement the requirements of the COVID-19 related order
Columbia of Pennsylvania	No	$	7.1	Incremental bad debt expense incurred since March 13, 2020 above levels currently in rates
Columbia of Virginia	Yes	$	0.1	Incremental incurred costs, subject to an earnings test review
Columbia of Maryland	No	$	1.1	Incremental costs (including incremental bad debt expense) incurred to ensure that customers have essential utility service during the state of emergency in Maryland. Such incremental costs must be offset by any benefit received in connection with the pandemic

On March 11, 2021, the Pennsylvania PUC adopted an order, which lifted its prior pandemic-related moratorium on service terminations for non-payments of utility bills beginning April 1, 2021. Pursuant to that order, Pennsylvania utilities are required to offer payment plans on billing arrearages, with the length of such payment plans depending on customers' income levels. The longest such payment plan would be a minimum of five years for residential customers with incomes below 250% of the Federal Poverty Level.

For Columbia of Virginia, the currently effective legislative and regulatory directives related to the COVID-19 pandemic require utilities to offer payment plans between 6 and 24 months, and suspend service disconnections and late payment fees for customers. These directives will remain in place until the Governor determines that the economic and public health conditions have improved such that the prohibition does not need to be in place, or until at least 60 days after such declared state of emergency ends, whichever is sooner.

9. Risk Management Activities

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

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ITEM 1. FINANCIAL STATEMENTS (continued)

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

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

(in millions)	**March 31, 2021**	December 31, 2020
Risk Management Assets - Current[1]		
Interest rate risk programs	**$ —**	$ —
Commodity price risk programs	**1.0**	10.4
Total	**$ 1.0**	$ 10.4
Risk Management Assets - Noncurrent[2]		
Interest rate risk programs	**$ —**	$ —
Commodity price risk programs	**3.2**	2.8
Total	**$ 3.2**	$ 2.8
Risk Management Liabilities - Current[3]		
Interest rate risk programs	**$ 17.1**	$ 70.9
Commodity price risk programs	**5.0**	7.3
Total	**$ 22.1**	$ 78.2
Risk Management Liabilities - Noncurrent[4]		
Interest rate risk programs	**$ 40.6**	$ 99.5
Commodity price risk programs	**38.3**	45.1
Total	**$ 78.9**	$ 144.6

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

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

NIPSCO received IURC approval to lock in a fixed price for its natural gas customers using long-term forward purchase instruments. The term of these instruments may range from five to 10 years and is limited to 20% of NIPSCO’s average annual GCA purchase volume. Gains and losses on these derivative contracts are deferred as regulatory liabilities or assets and are remitted to or collected from customers through NIPSCO’s quarterly GCA mechanism. These instruments are not designated as accounting hedges.

Interest Rate Risk Management
As of March 31, 2021, we have two forward-starting interest rate swaps with an aggregate notional value totaling $500.0 million to hedge the variability in cash flows attributable to changes in the benchmark interest rate during the periods from the effective dates of the swaps to the anticipated dates of forecasted debt issuances, which are expected to take place by 2024. These interest rate swaps are designated as cash flow hedges. The gains and losses related to these swaps are recorded to AOCI and will be recognized in "Interest expense, net" concurrently with the recognition of interest expense on the associated debt, once issued. If it becomes probable that a hedged forecasted transaction will no longer occur, the accumulated gains or losses on the derivative will be recognized currently in "Other, net" in the Condensed Statements of Consolidated Income (unaudited).

There were no amounts excluded from effectiveness testing for derivatives in cash flow hedging relationships at March 31, 2021 and December 31, 2020.

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ITEM 1. FINANCIAL STATEMENTS (continued)

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

Our derivative instruments measured at fair value as of March 31, 2021 and December 31, 2020 do not contain any credit-risk-related contingent features.

10. Fair Value

A. Fair Value Measurements

Recurring Fair Value Measurements

The following tables present financial assets and liabilities measured and recorded at fair value on our Condensed Consolidated Balance Sheets (unaudited) on a recurring basis and their level within the fair value hierarchy as of March 31, 2021 and December 31, 2020:

Recurring Fair Value Measurements March 31, 2021 *(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, 2021
Assets				
Risk management assets	$ —	$ 4.2	$ —	$ 4.2
Available-for-sale debt securities	—	167.9	—	167.9
Total	**$ —**	**$ 172.1**	**$ —**	**$ 172.1**
Liabilities				
Risk management liabilities	$ —	$ 101.0	$ —	$ 101.0
Total	**$ —**	**$ 101.0**	**$ —**	**$ 101.0**

Recurring Fair Value Measurements December 31, 2020 *(in millions)*	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of December 31, 2020
Assets				
Risk management assets	$ —	$ 13.2	$ —	$ 13.2
Available-for-sale debt securities	—	170.9	—	170.9
Total	**$ —**	**$ 184.1**	**$ —**	**$ 184.1**
Liabilities				
Risk management liabilities	$ —	$ 222.8	$ —	$ 222.8
Total	**$ —**	**$ 222.8**	**$ —**	**$ 222.8**

Risk Management Assets and Liabilities. Risk management assets and liabilities include interest rate swaps, exchange-traded NYMEX futures and NYMEX options and non-exchange-based forward purchase contracts. When utilized, exchange-traded derivative contracts are based on unadjusted quoted prices in active markets and are classified within Level 1. These financial assets and liabilities are secured with cash on deposit with the exchange; therefore, nonperformance risk has not been incorporated into these valuations. Certain non-exchange-traded derivatives are valued using broker or over-the-counter, on-line exchanges. In such cases, these non-exchange-traded derivatives are classified within Level 2. Non-exchange-based derivative instruments include swaps, forwards, and options. In certain instances, these instruments may utilize models to measure fair value. We use a similar model to value similar instruments. Valuation models utilize various inputs that include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, other observable inputs for the asset or liability and market-corroborated inputs, (i.e., inputs derived principally from or corroborated by observable market data by correlation or other means). Where observable inputs are available for substantially the full term of the asset or liability, the instrument is categorized within Level 2. Certain derivatives trade in less active markets with a lower availability of pricing information and models may be utilized in the valuation. When such inputs have a significant impact on the measurement of fair value, the instrument is categorized within Level 3. Credit risk is considered in the fair value calculation of derivative instruments that are not exchange-traded. Credit exposures are adjusted to reflect collateral agreements which reduce exposures. As of March 31, 2021 and December 31, 2020, there were no material transfers

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

between fair value hierarchies. Additionally, there were no changes in the method or significant assumptions used to estimate the fair value of our financial instruments.

Credit risk is considered in the fair value calculation of each of our forward-starting interest rate swaps, as described in Note 9, "Risk Management Activities." As they are based on observable data and valuations of similar instruments, the hedges are categorized within Level 2 of the fair value hierarchy. There was no exchange of premium at the initial date of the swaps, and we can settle the contracts at any time.

NIPSCO has entered into long-term forward natural gas purchase instruments to lock in a fixed price for its natural gas customers. We value these contracts using a pricing model that incorporates market-based information when available, as these instruments trade less frequently and are classified within Level 2 of the fair value hierarchy. For additional information, see Note 9, “Risk Management Activities.”

Available-for-Sale Debt Securities. Available-for-sale debt securities are investments pledged as collateral for trust accounts related to our wholly owned insurance company. We value U.S. Treasury, corporate debt and mortgage-backed securities using a matrix pricing model that incorporates market-based information. These securities trade less frequently and are classified within Level 2.

At each reporting date, we quantitatively and qualitatively assess available-for-sale debt securities for impairment. For securities in a loss position that we intend to hold, we perform an analysis to determine whether the unrealized loss is related to credit factors. The analysis focuses on a variety of factors that include, but are not limited to, downgrade on ratings of the security, defaults in the current reporting period or projected defaults in the future, the security's yield spread over treasuries, and other relevant market data. If the unrealized loss is not related to credit factors, it is included in other comprehensive income. If the unrealized loss is related to credit factors, the loss is recognized as credit loss expense in earnings during the period, with an offsetting entry to the allowance for credit losses. The amount of the credit loss recorded to the allowance account is limited by the amount at which the security's fair value is less than its amortized cost basis. If the credit losses in the allowance for credit losses are deemed uncollectible, the allowance on the uncollectible portion is charged off, with an offsetting entry to the carrying value of the security. Subsequent improvements to the estimated credit losses of available-for-sale debt securities are recognized immediately in earnings. As of March 31, 2021 and December 31, 2020, we recorded $0.3 million and $0.5 million, respectively, as an allowance for credit losses on available-for-sale debt securities as a result of the analysis described above. Continuous credit monitoring and portfolio credit balancing mitigates our risk of credit losses on our available-for-sale debt securities.

The amortized cost, gross unrealized gains and losses, allowance for credit losses, and fair value of available-for-sale securities at March 31, 2021 and December 31, 2020 were:

March 31, 2021 *(in millions)*	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses[1]	Allowance for Credit Losses	Fair Value
Available-for-sale debt securities					
U.S. Treasury debt securities	$ 37.1	$ 0.2	$ (0.3)	$ —	$ 37.0
Corporate/Other debt securities	126.7	5.3	(0.8)	(0.3)	130.9
Total	**$ 163.8**	**$ 5.5**	**$ (1.1)**	**$ (0.3)**	**$ 167.9**

December 31, 2020 *(in millions)*	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses[2]	Allowance for Credit Losses	Fair Value
Available-for-sale debt securities					
U.S. Treasury debt securities	$ 33.7	$ 0.3	$ —	$ —	$ 34.0
Corporate/Other debt securities	130.2	7.7	(0.5)	(0.5)	136.9
Total	**$ 163.9**	**$ 8.0**	**$ (0.5)**	**$ (0.5)**	**$ 170.9**

[1]Fair value of U.S. Treasury debt securities and Corporate/Other debt securities in an unrealized loss position without an allowance for credit losses is $22.1 and $25.7 million, respectively, at March 31, 2021.
[2]Fair value of U.S. Treasury debt securities and Corporate/Other debt securities in an unrealized loss position without an allowance for credit losses is $0 million and $13.2 million, respectively, at December 31, 2020.

Realized gains and losses on available-for-sale securities were immaterial for the three months ended March 31, 2021 and 2020.

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ITEM 1. FINANCIAL STATEMENTS (continued)

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

The cost of maturities sold is based upon specific identification. At March 31, 2021, approximately $6.2 million of U.S. Treasury debt securities and approximately $3.9 million of Corporate/Other debt securities have maturities of less than a year.

There are no material items in the fair value reconciliation of Level 3 assets and liabilities measured at fair value on a recurring basis as of March 31, 2021 and December 31, 2020.

Non-recurring Fair Value Measurements

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

In March 2021, we reached an agreement with Eversource regarding the final purchase price, including net working capital adjustments to the October 9, 2020 purchase price. The working capital amounts were measured at fair value, less costs to sell.

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

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

Long-term Debt. The fair value of outstanding long-term debt is estimated based on the quoted market prices for the same or similar securities. Certain premium costs associated with the early settlement of long-term debt are not taken into consideration in determining fair value. These fair value measurements are classified within Level 2 of the fair value hierarchy. As of March 31, 2021, there was no change in the method or significant assumptions used to estimate the fair value of long-term debt.

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

(in millions)	**Carrying Amount as of March 31, 2021**	**Estimated Fair Value as of March 31, 2021**	Carrying Amount as of Dec. 31, 2020	Estimated Fair Value as of Dec. 31, 2020
Long-term debt (including current portion)	**$ 9,246.7**	**$ 10,178.0**	$ 9,243.1	$ 11,034.2

11. Transfers of Financial Assets

Columbia of Ohio, NIPSCO and Columbia of Pennsylvania each maintain a receivables agreement whereby they transfer their customer accounts receivables to third-party financial institutions through wholly owned and consolidated special purpose entities. The three agreements expire between August 2021 and May 2022 and may be further extended if mutually agreed to by the parties thereto.

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

Transfers of accounts receivable are accounted for as secured borrowings resulting in the recognition of short-term borrowings on the Condensed Consolidated Balance Sheets (unaudited). As of March 31, 2021, the maximum amount of debt that could be recognized related to our accounts receivable programs is $510.0 million.

The following table reflects the gross receivables balance and net receivables transferred, as well as short-term borrowings related to the securitization transactions as of March 31, 2021 and December 31, 2020:

(in millions)	**March 31, 2021**	December 31, 2020
Gross receivables	**$ 630.8**	$ 607.7
Less: Receivables not transferred	**630.8**	607.7
Net receivables transferred	**$ —**	$ —
Short-term debt due to asset securitization	**$ —**	$ —

For the three months ended March 31, 2021 and 2020, zero and $106.2 million, respectively, was recorded as cash flows from financing activities related to the change in short-term borrowings due to securitization transactions. Fees associated with the securitization transactions were $0.4 million and $0.7 million for the three months ended March 31, 2021 and 2020,

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

12. Goodwill

The following presents our goodwill balance allocated by segment as of March 31, 2021:

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

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

13. Income Taxes

Our interim effective tax rates reflect the estimated annual effective tax rates for 2021 and 2020, adjusted for tax expense associated with certain discrete items. The effective tax rates for the three months ended March 31, 2021 and 2020 were 17.4% and (24.5)%, respectively. These effective tax rates differ from the federal statutory tax rate of 21% primarily due to increased amortization of excess deferred federal income tax liabilities, as specified in the TCJA, tax credits, state income taxes and other permanent book-to-tax differences. These adjustments have a relative impact on the effective tax rate proportionally to pretax income or loss.

The increase in the three month effective tax rate of 41.9% in 2021 compared to 2020 is primarily attributed to a discrete item related to the pre-tax book loss recorded for the classification as held for sale of the Massachusetts Business tax effected at statutory tax rates in 2020 offset by an increase in amortization of excess deferred federal income tax liabilities and deduction for AFUDC equity.

There were no material changes recorded in 2021 to our uncertain tax positions recorded as of December 31, 2020.

14. Pension and Other Postretirement Benefits

We provide defined contribution plans and noncontributory defined benefit retirement plans that cover certain of our employees. Benefits under the defined benefit retirement plans reflect the employees' compensation, years of service and age at retirement. Additionally, we provide health care and life insurance benefits for certain retired employees. The majority of employees may become eligible for these benefits if they reach retirement age while working for us. The expected cost of such benefits is accrued during the employees' years of service. We determined that, for certain rate-regulated subsidiaries, the future recovery of postretirement benefit costs is probable, and we record regulatory assets and liabilities for amounts that would otherwise have been recorded to expense or accumulated other comprehensive loss. Current rates of rate-regulated companies include postretirement benefit costs, including amortization of the regulatory assets and liabilities that arose prior to inclusion of these costs in rates. For most plans, cash contributions are remitted to grantor trusts.

For the three months ended March 31, 2021, we contributed $0.7 million to our pension plans and $5.1 million to our other postretirement benefit plans.

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ITEM 1. FINANCIAL STATEMENTS (continued)

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

The following table provides the components of the plans' actuarially determined net periodic benefit cost for the three months ended March 31, 2021 and 2020:

	Pension Benefits		Other Postretirement Benefits	
Three Months Ended March 31, *(in millions)*	**2021**	2020	**2021**	2020
Components of Net Periodic Benefit (Income) Cost[1]				
Service cost	**$ 7.6**	$ 8.0	**$ 1.5**	$ 1.6
Interest cost	**7.7**	13.5	**2.5**	3.9
Expected return on assets	**(25.8)**	(28.4)	**(3.8)**	(3.6)
Amortization of prior service credit	**—**	0.2	**(0.6)**	(0.5)
Recognized actuarial loss	**5.3**	8.7	**1.2**	1.3
Settlement loss	**3.3**	—	**—**	—
Total Net Periodic Benefit (Income) Cost	**$ (1.9)**	$ 2.0	**$ 0.8**	$ 2.7

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

During the first quarter of 2021, one of our qualified pension plans met the requirement for settlement accounting. A settlement charge of $3.3 million was recorded during the first quarter of 2021. As a result of the settlement, the pension plan was remeasured, resulting in a decrease to the net pension asset of $5.8 million, a net increase to regulatory assets of $2.1 million, and a net debit to accumulated other comprehensive loss of $0.4 million. Net periodic pension benefit cost for 2021 increased by $4.0 million as a result of the interim remeasurement.

The following table provides the key assumptions that were used to calculate the pension benefit obligation and the net periodic benefit cost at the interim remeasurement date for the plan that triggered settlement accounting:

	February 28, 2021
Weighted-average Assumption to Determine Benefit Obligation	
Discount rate	2.57 %
Weighted-average Assumptions to Determine Net Periodic Benefit Costs for the period ended	
Discount rate - service cost	2.81 %
Discount rate - interest cost	1.57 %
Expected return on assets	4.80 %

15. Variable Interest Entities

A VIE is an entity in which the controlling interest is determined through means other than a majority voting interest. The primary beneficiary of a VIE is the business enterprise which has the power to direct the activities that most significantly impact the VIE's economic performance. Also, the primary beneficiary either absorbs a significant amount of the VIE's losses or has the right to receive benefits that could be significant to the VIE. We consider these qualitative elements in determining whether we are the primary beneficiary of a VIE, and we consolidate those VIEs for which we are determined to be the primary beneficiary.

Rosewater (a joint venture) owns and operates 102 MW of nameplate capacity wind generation assets. Members of the joint venture are NIPSCO (who is the managing member) and a tax equity partner. Earnings, tax attributes and cash flows are allocated to both NIPSCO and the tax equity partner in varying percentages by category and over the life of the partnership. Once the tax equity partner has earned their negotiated rate of return and we have reached the agreed upon contractual date, NIPSCO has the option to purchase at fair market value from the tax equity partner the remaining interest in the aforementioned joint venture. NIPSCO has an obligation to purchase, through a PPA at established market rates, 100% of the electricity generated by Rosewater.

As the managing member of Rosewater, we control decisions that are significant to its ongoing operations and economic results. Therefore, we have concluded that we are the primary beneficiary of Rosewater and have consolidated Rosewater even though we own less than 100% of the total equity membership interest.

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ITEM 1. FINANCIAL STATEMENTS (continued)

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

We have determined that the use of HLBV accounting is reasonable and appropriate in order to attribute income and loss to the noncontrolling interest held by the tax equity partner. HLBV accounting was selected as the allocation of Rosewater's economic results to members differ from the members' relative ownership percentages. Using the HLBV method, our earnings are calculated based on how the partnership would distribute its cash if it were to hypothetically sell all of its assets for their carrying amounts and liquidate at each reporting period. Under HLBV, we calculate the liquidation value allocable to each partner at the beginning and end of each period based on the contractual terms of the related entity's operating agreement and adjust our income for the period to reflect the change in our associated book value.

In March 2021, in exchange for additional respective membership interests in Rosewater, NIPSCO contributed $0.1 million in cash, and the tax equity partner contributed $7.5 million in cash, the second of two contractual cash contributions for each partner, per the equity capital contribution agreement. NIPSCO also assumed an additional obligation of $6.0 million to the developer, which comes due in 2023 and is included in "Other noncurrent liabilities" in the Condensed Consolidated Balance Sheets (unaudited). From the contributed funds, Rosewater paid $7.4 million to the developer of the wind generation assets. The developer of the facility is not a partner in the joint venture for federal income tax purposes and does not receive any share of earnings, tax attributes, or cash flows of Rosewater. With asset construction now complete, NIPSCO and the tax equity partner have made total cash contributions of $0.8 million and $93.6 million, respectively, and NIPSCO has assumed an obligation to the developer of $75.7 million, totaling contributions of $170.1 million for both partners. We did not provide any financial or other support during the year that was not previously contractually required, nor do we expect to provide such support in the future.

At March 31, 2021 and December 31, 2020, $170.0 million and $156.4 million, respectively, in net assets (as detailed in the table below) related to Rosewater and the non-controlling interest attributable to the unrelated tax equity partner of $94.1 million and $85.6 million, respectively, were included in the Condensed Consolidated Balance Sheets (unaudited). For the quarters ended March 31, 2021 and 2020, $1.0 million and zero were allocated to the tax equity partner and is included in "Net income attributable to non-controlling interest" on the Condensed Statements of Consolidated Income.

Our Condensed Consolidated Balance Sheets (unaudited) included the following assets and liabilities associated with Rosewater:

(in millions)	**March 31, 2021**	December 31, 2020
Net Property, Plant and Equipment	**$ 174.2**	$ 175.6
Current assets	**4.2**	1.7
Total assets[(1)]	**$ 178.4**	$ 177.3
Current liabilities	**$ 2.8**	$ 15.3
Asset retirement obligations	**5.5**	5.5
Other noncurrent liabilities	**0.1**	0.1
Total liabilities	**$ 8.4**	$ 20.9

[(1)]The assets of Rosewater represent assets of a consolidated VIE that can be used only to settle obligations of the consolidated VIE.

16. Short-Term Borrowings

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

We maintain a revolving credit facility to fund ongoing working capital requirements, including the provision of liquidity support for our commercial paper program, provide for issuance of letters of credit and also for general corporate purposes. Our revolving credit facility has a program limit of $1.85 billion and is comprised of a syndicate of banks led by Barclays. We had no outstanding borrowings under this facility as of March 31, 2021 and December 31, 2020.

Our commercial paper program has a program limit of up to $1.5 billion with a dealer group comprised of Barclays, Citigroup, Credit Suisse and Wells Fargo. We had $520.0 million of commercial paper outstanding as of March 31, 2021 and $503.0 million of commercial paper outstanding as of December 31, 2020.

Refer to Note 11, "Transfers of Financial Assets," for additional information on our accounts receivable transfer programs.

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ITEM 1. FINANCIAL STATEMENTS (continued)

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

Short-term borrowings were as follows:

(in millions)		**March 31, 2021**		December 31, 2020
Commercial paper weighted-average interest rate of 0.19% and 0.27% at March 31, 2021 and December 31, 2020, respectively		**520.0**		503.0
Total Short-Term Borrowings	**$**	**520.0**	$	503.0

Items listed above are presented net in the Condensed Statements of Consolidated Cash Flows (unaudited) as their maturities are less than 90 days.

17. Other Commitments and Contingencies

A. Guarantees and Indemnities. We and certain of our subsidiaries enter into various agreements providing financial or performance assurance to third parties on behalf of certain subsidiaries as a part of normal business. Such agreements include guarantees and stand-by letters of credit. These agreements are entered into primarily to support or enhance the creditworthiness otherwise attributed to a subsidiary on a stand-alone basis, thereby facilitating the extension of sufficient credit to accomplish the subsidiaries' intended commercial purposes. As of March 31, 2021 and December 31, 2020, we had issued stand-by letters of credit of $15.2 million.

We provide guarantees related to our future performance under BTAs for our renewable generation projects. At March 31, 2021, our guarantees for the Rosewater and Indiana Crossroads BTAs totaled $34.0 million. The amount of each guaranty will fluctuate upon the completion of the various steps outlined in each BTA. See "- D. Other Matters - Generation Transition," below for more information.

B. Legal Proceedings. On September 13, 2018, a series of fires and explosions occurred in Lawrence, Andover and North Andover, Massachusetts related to the delivery of natural gas by Columbia of Massachusetts (the "Greater Lawrence Incident"). The Greater Lawrence Incident resulted in one fatality and a number of injuries, damaged multiple homes and businesses, and caused the temporary evacuation of significant portions of each municipality. The Massachusetts Governor's Office declared a state of emergency, authorizing the Massachusetts DPU to order another utility company to coordinate the restoration of utility services in Lawrence, Andover and North Andover. The incident resulted in the interruption of gas for approximately 7,500 gas meters, the majority of which served residences and approximately 700 of which served businesses, and the interruption of other utility service more broadly in the area. Columbia of Massachusetts replaced the cast iron and bare steel gas pipeline system in the affected area and restored service. See "- D. Other Matters - Greater Lawrence Pipeline Replacement" below for more information. On September 1, 2020, the Massachusetts Governor terminated the state of emergency declared following the Greater Lawrence Incident.

We have been subject to inquiries and investigations by government authorities and regulatory agencies regarding the Greater Lawrence Incident, including the Massachusetts DPU and the Massachusetts Attorney General's Office. On February 26, 2020, the Company and Columbia of Massachusetts entered into agreements with the U.S. Attorney's Office for the District of Massachusetts to resolve the U.S. Attorney's Office's investigation relating to the Greater Lawrence Incident, as described below. The Company and Columbia of Massachusetts entered into an agreement with the Massachusetts Attorney General's Office (among other parties) to resolve the Massachusetts DPU and the Massachusetts Attorney General's Office investigations, that was approved by the Massachusetts DPU on October 7, 2020 as part of the sale of the Massachusetts Business to Eversource.

NTSB Investigation. As previously disclosed, the NTSB concluded its investigation into the Greater Lawrence Incident. On November 24, 2020, the NTSB closed NiSource's one remaining open safety recommendation.

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

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ITEM 1. FINANCIAL STATEMENTS (continued)

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

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

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

Private Actions. Various lawsuits, including several purported class action lawsuits, have been filed by various affected residents or businesses in Massachusetts state courts against the Company and/or Columbia of Massachusetts in connection with the Greater Lawrence Incident.

On July 26, 2019, the Company, Columbia of Massachusetts and NiSource Corporate Services Company, a subsidiary of the Company, entered into a term sheet with the class action plaintiffs under which they agreed to settle the class action claims in connection with the Greater Lawrence Incident. Columbia of Massachusetts agreed to pay $143 million into a settlement fund to compensate the settlement class and the settlement class agreed to release Columbia of Massachusetts and affiliates from all claims arising out of or related to the Greater Lawrence Incident. The following claims are not covered under the proposed settlement because they are not part of the consolidated class action: (1) physical bodily injury and wrongful death; (2) insurance subrogation, whether equitable, contractual or otherwise; and (3) claims arising out of appliances that are subject to the Massachusetts DPU orders. Emotional distress and similar claims are covered under the proposed settlement unless they are secondary to a physical bodily injury. The settlement class is defined under the term sheet as all persons and businesses in the three municipalities of Lawrence, Andover and North Andover, Massachusetts, subject to certain limited exceptions. The motion for preliminary approval and the settlement documents were filed on September 25, 2019. The preliminary approval court hearing was held on October 7, 2019 and the court issued an order granting preliminary approval of the settlement on October 11, 2019. The Court granted final approval of the settlement on March 12, 2020.

With respect to claims not included in the consolidated class action, many of the asserted wrongful death and bodily injury claims have settled, and we continue to discuss potential settlements with remaining claimants. The outcomes and impacts of such private actions are uncertain at this time.

Shareholder Derivative Lawsuit. On April 28, 2020, a shareholder derivative lawsuit was filed by the City of Detroit Police and Fire Retirement System in the United States District Court for the District of Delaware against certain of the Company's current and former directors, alleging state-law claims for breaches of fiduciary duty with respect to the pipeline safety management systems relating to the distribution of natural gas prior to the Greater Lawrence Incident and also including federal-law claims related to our proxy statement disclosures regarding our safety systems. The remedies sought included damages for the alleged breaches of fiduciary duty, corporate governance reforms, and restitution of any unjust enrichment. The defendants filed a motion to dismiss the lawsuit, and oral argument was held on March 2, 2021. On March 9, 2021, the district court granted the defendants' motion to dismiss. It dismissed the federal-law claims with prejudice for failure to state a claim on which relief can be granted and declined to exercise jurisdiction over the state-law claims, which were dismissed without prejudice.

Following the dismissal of the federal court action, on April 29, 2021, the same plaintiff filed a shareholder derivative lawsuit in the Delaware Court of Chancery against certain of our current and former directors. The new complaint alleges a single count for breach of fiduciary duty, and no longer alleges disclosure violations or breaches of federal securities laws. The complaint relates to substantially the same matters as those alleged in the dismissed federal derivative complaint. The remedies sought include damages for the alleged breaches of fiduciary duty, corporate governance reforms, and restitution of compensation by the individual defendants. The case is at an early stage, and a schedule has not yet been entered. Because of the preliminary nature of this lawsuit, we are not able to estimate a loss or range of loss, if any, that may be incurred in connection with this matter at this time.

Financial Impact. Since the Greater Lawrence Incident, we have recorded expenses of approximately $1,040 million for third-party claims and fines, penalties and settlements associated with government investigations. These costs do not include the capital cost of the pipeline replacement. Refer to " - D. Other Matters - Greater Lawrence Incident Restoration," and "- Greater Lawrence Incident Pipeline Replacement," for additional information.

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

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

Due to the inherent uncertainty of litigation, there can be no assurance that the outcome or resolution of any particular claim, proceeding or investigation related to the Greater Lawrence Incident or otherwise would not have a material adverse effect on our results of operations, financial position or liquidity. Certain matters in connection with the Greater Lawrence Incident have had or may have a material impact as described above. If one or more of such additional or other matters were decided against us, the effects could be material to our results of operations in the period in which we would be required to record or adjust the related liability and could also be material to our cash flows in the periods that we would be required to pay such liability.

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

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

As of March 31, 2021 and December 31, 2020, we had recorded a liability of $90.6 million and $92.6 million, respectively, to cover environmental remediation at various sites. The current portion of this liability is included in "Other accruals" in the Condensed Consolidated Balance Sheets (unaudited). The noncurrent portion is included in "Other noncurrent liabilities." We recognize costs associated with environmental remediation obligations when the incurrence of such costs is probable and the amounts can be reasonably estimated. The original estimates for remediation activities may differ materially from the amount ultimately expended. The actual future expenditures depend on many factors, including laws and regulations, the nature and extent of impact and the method of remediation. These expenditures are not currently estimable at some sites. We periodically adjust our liability as information is collected and estimates become more refined.

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

MGP. We maintain a program to identify and investigate former MGP sites where Gas Distribution Operations subsidiaries or predecessors may have liability. The program has identified 54 such sites where liability is probable. Remedial actions at many of these sites are being overseen by state or federal environmental agencies through consent agreements or voluntary remediation agreements.

We utilize a probabilistic model to estimate our future remediation costs related to MGP sites. The model was prepared with the assistance of a third party and incorporates our experience and general industry experience with remediating MGP sites. We complete an annual refresh of the model in the second quarter of each fiscal year. No material changes to the estimated future remediation costs were noted as a result of the refresh completed as of June 30, 2020. Our total estimated liability related to the facilities subject to remediation was $84.3 million and $85.0 million at March 31, 2021 and December 31, 2020, respectively. The liability represents our best estimate of the probable cost to remediate the MGP sites. We believe that it is reasonably possible that remediation costs could vary by as much as $20 million in addition to the costs noted above. Remediation costs are estimated based on the best available information, applicable remediation standards at the balance sheet date and experience with similar facilities.

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

To comply with the rule, NIPSCO completed capital expenditures in 2019 to modify its infrastructure and manage CCRs. The CCR rule also resulted in revisions to previously recorded legal obligations associated with the retirement of certain NIPSCO facilities. The actual asset retirement costs related to the CCR rule may vary substantially from the estimates used to record the increased asset retirement obligation due to the uncertainty about the requirements that will be established by environmental authorities, compliance strategies that will be used and the preliminary nature of available data used to estimate costs. As allowed by the rule, NIPSCO will continue to collect data over time to determine the specific compliance solutions and associated costs and, as a result, the actual costs may vary. NIPSCO will also continue to work with EPA and the Indiana Department of Environmental Management to obtain administrative approvals associated with the CCR rule. In the event that the approvals are not obtained, future operations could be impacted. We believe the possibility of such an outcome is remote.

D. Other Matters.

Generation Transition. NIPSCO has executed several PPAs to purchase 100% of the output from renewable generation facilities at a fixed price per MWh. Each facility supplying the energy will have an associated nameplate capacity, and payments under the PPAs will not begin until the associated generation facility is constructed by the owner/seller. NIPSCO has also executed several BTAs with developers to construct renewable generation facilities. NIPSCO's purchase requirement under the BTAs is dependent on satisfactory approval of the BTA by the IURC, successful execution of an agreement with a tax equity partner and timely completion of construction. NIPSCO and the tax equity partner are obligated to make cash contributions to the partnership at the date construction is substantially complete. Once the tax equity partner has earned their negotiated rate of return and we have reached the agreed upon contractual date, NIPSCO has the option to purchase at fair market value from the tax equity partner the remaining interest in the aforementioned joint venture.

Greater Lawrence Incident Restoration. In addition to the amounts estimated for third-party claims and fines, penalties and settlements associated with government investigations described above, we have recorded expenses for other incident-related costs. Such costs include certain consulting costs, legal costs, vendor costs, claims center costs, labor and related expenses incurred in connection with the incident, and insurance-related loss surcharges. These costs were immaterial for the three months ended March 31, 2021.

Greater Lawrence Pipeline Replacement. In connection with the Greater Lawrence Incident, Columbia of Massachusetts, in cooperation with the Massachusetts Governor's office, replaced the entire affected pipeline system. We invested approximately $258 million of capital spend for the pipeline replacement; this work was completed in 2019. We maintain property insurance

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ITEM 1. FINANCIAL STATEMENTS (continued)

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

for gas pipelines and other applicable property. Columbia of Massachusetts has filed a proof of loss with its property insurer for the pipeline replacement. In January 2020, we filed a lawsuit against the property insurer, seeking payment of our property claim. We are currently unable to predict the timing or amount of any insurance recovery under the property policy.

State Income Taxes Related to Greater Lawrence Incident Expenses. As of December 31, 2018, expenses related to the Greater Lawrence Incident were $1,023 million. In the fourth quarter of 2019, we filed an application for Alternative Apportionment with the MA DOR to request an allocable approach to these expenses for purposes of Massachusetts state income taxes, which, if approved, would result in a state deferred tax asset of approximately $50 million, net. The MA DOR issued a denial during the first quarter of 2020. We filed an application for abatement in the second quarter of 2020, which resulted in a denial from the MA DOR in April 2021. We have 60 days to submit an appeal for this decision.

One-Time Employee Separation Benefits. On August 5, 2020, we commenced a voluntary separation program for certain employees. Expense for the voluntary separation program was predominantly recognized in the third quarter of 2020, when the employees accepted the offer, absent a retention period. In addition, we have continued to evaluate our organizational structure under the auspices of NiSource Next, which has resulted in additional separations under our existing severance policies. For employees that have a retention period, expense will be recognized over the remaining service period. The total estimated severance expense for employees is approximately $40 million, with $38.1 million incurred to date. A rollforward of the one-time employee separation benefits accrual for the three months ended March 31, 2021 is presented below:

(in millions)	Balance as of January 1, 2021	Changes Attributable to Costs Incurred[1]	Costs Paid	Adjustments	Balance as of March 31, 2021[2]
One-time Employee Separation Benefits	11.1	4.6	(8.4)	—	7.3

[1]This activity is presented within "Operation and maintenance" in our Condensed Statements of Consolidated Income (unaudited).
[2]This activity is presented within "Accrued compensation and employee benefits" in our Condensed Consolidated Balance Sheets (unaudited).

18. Accumulated Other Comprehensive Loss

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

(in millions)	Gains and Losses on Securities[1]	Gains and Losses on Cash Flow Hedges[1]	Pension and OPEB Items[1]	Accumulated Other Comprehensive Loss[1]
Balance as of January 1, 2021	$ 6.0	$ (147.9)	$ (14.8)	$ (156.7)
Other comprehensive income (loss) before reclassifications	(2.2)	84.6	(1.4)	81.0
Amounts reclassified from accumulated other comprehensive income (loss)	(0.3)	—	0.5	0.2
Net current-period other comprehensive income (loss)	(2.5)	84.6	(0.9)	81.2
Balance as of March 31, 2021	**$ 3.5**	**$ (63.3)**	**$ (15.7)**	**$ (75.5)**

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

(in millions)	Gains and Losses on Securities[1]	Gains and Losses on Cash Flow Hedges[1]	Pension and OPEB Items[1]	Accumulated Other Comprehensive Loss[1]
Balance as of January 1, 2020	$ 3.3	$ (77.2)	$ (18.7)	$ (92.6)
Other comprehensive income (loss) before reclassifications	(5.2)	(133.3)	0.4	(138.1)
Amounts reclassified from accumulated other comprehensive income (loss)	(0.2)	—	0.3	0.1
Net current-period other comprehensive income (loss)	(5.4)	(133.3)	0.7	(138.0)
Balance as of March 31, 2020	$ (2.1)	$ (210.5)	$ (18.0)	$ (230.6)

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

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ITEM 1. FINANCIAL STATEMENTS (continued)

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

19. Other, Net

Three Months Ended March 31, *(in millions)*		2021		2020
Interest income	$	**0.9**	$	1.7
AFUDC equity		**1.5**		1.7
Pension and other postretirement non-service benefit		**8.5**		2.7
Miscellaneous		**(0.4)**		(0.7)
Total Other, net	$	**10.5**	$	5.4

20. Business Segment Information

At March 31, 2021, our operations are divided into two primary reportable segments, the Gas Distribution Operations and Electric Operations segments. Corporate costs and other activities that are not significant on a stand-alone basis to warrant treatment as an operating segment and that do not fit into one of our two segments are aggregated as "Corporate and Other" in the disclosures below. Refer to Note 3, "Revenue Recognition," for additional information on our segments and their sources of revenues.

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

	Three Months Ended March 31,			
(in millions)		2021		2020
Operating Revenues				
Gas Distribution Operations				
Unaffiliated	$	**1,135.8**	$	1,228.0
Intersegment		**3.1**		3.0
Total		**1,138.9**		1,231.0
Electric Operations				
Unaffiliated		**402.5**		377.3
Intersegment		**0.2**		0.2
Total		**402.7**		377.5
Corporate and Other				
Unaffiliated		**7.3**		0.2
Intersegment		**103.9**		106.7
Total		**111.2**		106.9
Eliminations		**(107.2)**		(109.9)
Consolidated Operating Revenues	$	**1,545.6**	$	1,605.5
Operating Income (Loss)				
Gas Distribution Operations	$	**346.9**	$	78.5
Electric Operations		**87.9**		78.5
Corporate and Other		**(1.6)**		(8.8)
Consolidated Operating Income	$	**433.2**	$	148.2

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21. Subsequent Event

On April 19, 2021, we completed the sale of 8.625 million Series A Equity Units ("Equity Units"), initially consisting of Series A Corporate Units ("Corporate Units"), each with a stated amount of $100. The offering generated net proceeds of $835.5 million, after underwriting and estimated issuance expenses. Each Corporate Unit consists of a forward contract to purchase shares of our common stock in the future and a 1/10th, or 10%, undivided beneficial ownership interest in one share of Series C Mandatory Convertible Preferred Stock, par value $0.01 per share, with a liquidation preference of $1,000 per share. The Mandatory Convertible Preferred Stock initially will not bear any dividends. Total annual distributions of the Corporate Units will be 7.75%, consisting of quarterly contract adjustment payments under the forward contract. We may pay the contract adjustment payments in cash, shares of common stock or a combination of cash and shares of common stock, at our election.

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

NiSource Inc.

EXECUTIVE SUMMARY

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

Management's Discussion is designed to provide an understanding of our operations and financial performance and should be read in conjunction with our Annual Report on Form 10-K for the fiscal year ended December 31, 2020.

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

Refer to the "Business" section of our Annual Report on Form 10-K for the fiscal year ended December 31, 2020 for further discussion of our regulated utility business segments.

Our goal is to develop strategies that benefit all stakeholders as we (i) address changing customer conservation patterns, (ii) align our price structure with our cost structure, and (iii) embark on long-term infrastructure investment and safety programs to better serve our customers. These strategies focus on improving safety and reliability, enhancing customer service, lowering customer bills and reducing emissions while generating sustainable returns. The safety of our customers, communities and employees remains our top priority. The SMS is an established operating model within NiSource. With the continued support and advice from our Quality Review Board (a panel of third parties with safety operations expertise engaged by management to advise on safety matters), we are continuing to mature our SMS processes, capabilities and talent as we collaborate within and across industries to enhance safety and reduce operational risk. Additionally, we continue to pursue regulatory and legislative initiatives that will allow residential customers not currently on our system to obtain gas service in a cost effective manner.

Your Energy, Your Future: Our plan to replace all of our coal generation capacity by the end of 2028 with primarily renewable resources is well underway. In March 2021, we executed three BTAs for 650 MW solar nameplate capacity and a PPA for 200 MW of wind nameplate capacity. The four projects were selected following a comprehensive review of bids submitted through the RFP process that NIPSCO underwent in late 2019. The projects complement previously executed BTAs and PPAs with a combined nameplate capacity of 1,300 MW and 1,180 MW, respectively. NIPSCO will refresh its 2018 Integrated Resource Plan in 2021. For additional information, see "Results and Discussion of Segment Operation - Electric Operations," in this Management's Discussion.

NiSource Next: We have launched a comprehensive, multi-year program designed to deliver long-term safety, sustainable capability enhancements and cost optimization improvements. This program will advance the high priority we place on safety and risk mitigation, further enable our safety management system, and enhance the customer experience. NiSource Next is designed to (i) leverage our current scale, (ii) utilize technology, (iii) define clear roles and accountability with our leaders and employees, and (iv) standardize our processes to focus on operational rigor, quality management and continuous improvement. In the second quarter of 2021, we began to implement enhanced digital tools associated with our customer experience.

COVID-19: The safety of our employees and customers, while providing essential services during the COVID-19 pandemic, is paramount. We continue to take a proactive, coordinated approach intended to prevent, mitigate and respond to COVID-19 by utilizing our Incident Command System (ICS). The ICS includes members of our executive council, a medical review professional, and members of functional teams from across our company. The ICS monitors state-by-state conditions and determines steps to conduct our operations safely for employees and customers.

We have implemented procedures designed to protect our employees who work in the field and who continue to work in operational and corporate facilities, including social distancing, wearing face coverings, temperature checks and more frequent cleaning of equipment and facilities. We have also implemented work-from-home policies and practices. We continue to limit company vehicle occupancy to one person, where possible, and minimize non-essential work that requires an employee to enter a customer premise when infection rates spike in a county and local agencies elevate risk levels. As local circumstances permit, we are beginning previously delayed work that requires customer interaction. We continue to employ physical and cybersecurity measures to ensure that our operational and support systems remain functional. Our actions to date have mitigated the spread of COVID-19 amongst our employees and principal field contractors. We are also continuously evaluating changes

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

NiSource Inc.

to CDC guidance, and updating our safety measures accordingly, in order to ensure employee and customer safety during this pandemic. We are following all federal, state, and local guidelines related to the COVID-19 vaccinations and are encouraging employees to receive the vaccine when it is available to them.

Since the beginning of the COVID-19 pandemic, we have been helping our customers navigate this challenging time. We suspended disconnections soon after this outbreak began. While the suspension of disconnections has been lifted in most states, suspensions are likely to continue in others. We plan to continue our payment assistance programs and customer education and awareness of energy assistance programs such as the Low Income Home Energy Assistance Program (LIHEAP) to help customers deal with the impact of the pandemic. Regulatory deferrals for certain costs have been allowed by all of our state regulatory commissions. Costs approved for deferral vary by state. For information on the state specific suspension of disconnections and COVID-19 regulatory filings, see Note 8, "Regulatory Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited).

We continue to monitor how COVID-19 is affecting our workforce, customers, suppliers, operations, financial results and cash flow. The extent of the impact in the future will vary and depend on the duration and severity of the impact on the global, national and local economies. See Note 3, "Revenue Recognition" and Note 8, "Regulatory Matters" for impacts of COVID-19 for the three months ended March 31, 2021.

Summary of Consolidated Financial Results

A summary of our consolidated financial results for the three months ended March 31, 2021 and 2020 are presented below:

	Three Months Ended March 31,		
(in millions, except per share amounts)	**2021**	2020	2021 vs. 2020
Operating Revenues	**$ 1,545.6**	$ 1,605.5	$ (59.9)
Operating Expenses			
Cost of energy	**476.8**	462.4	14.4
Other Operating Expenses	**635.6**	994.9	(359.3)
Total Operating Expenses	**1,112.4**	1,457.3	(344.9)
Operating Income	**433.2**	148.2	285.0
Total Other Deductions, net	**(74.1)**	(87.5)	13.4
Income Taxes	**62.6**	(14.9)	77.5
Net Income	**296.5**	75.6	220.9
Net income attributable to noncontrolling interest	**1.0**	—	1.0
Net Income attributable to NiSource	**295.5**	75.6	219.9
Preferred dividends	**(13.8)**	(13.8)	—
Net Income Available to Common Shareholders	**281.7**	61.8	219.9
Earnings Per Share			
Basic Earnings Per Share	**$ 0.72**	$ 0.16	$ 0.56
Diluted Earnings Per Share	**$ 0.72**	$ 0.16	$ 0.56
Basic Average Common Shares Outstanding	**392.7**	383.1	9.6
Diluted Average Common Shares	**393.9**	384.1	9.8

The majority of the cost of energy in both segments are tracked costs that are passed through directly to the customer, resulting in an equal and offsetting amount reflected in operating revenues.

On a consolidated basis, we reported a net income available to common shareholders of $281.7 million, or $0.72 per diluted share for the three months ended March 31, 2021, compared to a net income available to common shareholders of $61.8 million, or $0.16 per diluted share for the same period in 2020. The increase in income was primarily due to the loss on sale of the Massachusetts business in 2020, as well as lower operating expenses offset by lower operating revenues due to the sale of the Massachusetts business. Additionally, the increase in income was driven by revenue increases from new rates and the effects of colder weather in 2021 compared to 2020 partially offset by higher income taxes in 2021 compared to 2020 (See "Income Taxes" below). For additional information on operating income variance drivers see "Results and Discussion of Segment Operation" for Gas and Electric Operations in this Management's Discussion.

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Other Deductions, net

Other deductions, net reduced income by $74.1 million in the first quarter of 2021 compared to a reduction in income of $87.5 million in the prior year. This change was primarily driven by lower short term debt interest due to lower balances and a lower rate on commercial paper in 2021 compared to 2020. See Note 16, "Short-Term Borrowings," in the Notes to the Condensed Consolidated Financial Statements (unaudited) for additional information.

Income Taxes

Refer to Note 13, "Income Taxes," in the Notes to Condensed Consolidated Financial Statements (unaudited) for information on income taxes and the change in the effective tax rate.

RESULTS AND DISCUSSION OF SEGMENT OPERATIONS

Presentation of Segment Information

Our operations are divided into two primary reportable segments: Gas Distribution Operations and Electric Operations. We primarily evaluate segment results based on operating income. The remainder of our operations, which are not significant enough on a stand-alone basis to warrant treatment as an operating segment, are presented as "Corporate and Other" within the Notes to the Condensed Consolidated Financial Statements (unaudited) and primarily are comprised of interest expense on holding company debt, and unallocated corporate costs and activities.

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

NiSource Inc.
Gas Distribution Operations

Financial and operational data for the Gas Distribution Operations segment for the three months ended March 31, 2021 and 2020 are presented below:

	Three Months Ended March 31,		
(in millions)	**2021**	2020	2021 vs. 2020
Operating Revenues	**$ 1,138.9**	$ 1,231.0	$ (92.1)
Operating Expenses			
Cost of energy	**379.0**	377.4	1.6
Operation and maintenance	**248.8**	330.1	(81.3)
Depreciation and amortization	**92.9**	96.5	(3.6)
Loss on sale of fixed assets and impairments, net	**8.1**	280.2	(272.1)
Other taxes	**63.2**	68.3	(5.1)
Total Operating Expenses	**792.0**	1,152.5	(360.5)
Operating Income	**$ 346.9**	$ 78.5	$ 268.4
Revenues			
Residential	**$ 782.3**	$ 823.3	$ (41.0)
Commercial	**272.9**	274.0	(1.1)
Industrial	**58.2**	74.5	(16.3)
Off-System	**14.4**	18.7	(4.3)
Other	**11.1**	40.5	(29.4)
Total	**$ 1,138.9**	$ 1,231.0	$ (92.1)
Sales and Transportation (MMDth)			
Residential	**118.4**	118.5	(0.1)
Commercial	**74.3**	73.7	0.6
Industrial	**136.4**	146.8	(10.4)
Off-System	**5.4**	11.2	(5.8)
Other	**0.2**	0.2	—
Total	**334.7**	350.4	(15.7)
Heating Degree Days	**2,703**	2,440	263
Normal Heating Degree Days	**2,854**	2,897	(43)
% Colder (Warmer) than Normal	**(5)%**	(16)%	
Gas Distribution Customers			
Residential	**2,965,004**	3,233,222	(268,218)
Commercial	**254,188**	283,579	(29,391)
Industrial	**4,965**	6,002	(1,037)
Other	**3**	3	—
Total	**3,224,160**	3,522,806	(298,646)

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

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NiSource Inc.
Gas Distribution Operations

Three Months Ended March 31, 2021 vs. March 31, 2020 Operating Income

For the three months ended March 31, 2021, Gas Distribution Operations reported operating income of $346.9 million, an increase of $268.4 million from the comparable 2020 period.

Operating revenues for the three months ended March 31, 2021 were $1,138.9 million, a decrease of $92.1 million from the same period in 2020.

Changes in Operating Revenues *(in millions)*		**Favorable (Unfavorable)**
Revenues associated with the Massachusetts Business in 2020	$	(122.3)
New rates from base rate proceedings, infrastructure replacement programs and Columbia of Ohio's CEP		38.0
The effects of colder weather in 2021 compared to 2020		15.6
The effects of customer growth		3.4
Other		(2.1)
Change in operating revenues (before cost of energy and other tracked items)	$	(67.4)
Operating revenues offset in operating expense		
Higher cost of energy billed to customers		81.3
Cost of energy associated with the Massachusetts Business in 2020		(79.7)
Operation and maintenance trackers associated with the Massachusetts Business in 2020		(24.3)
Lower operation and maintenance, depreciation, and tax trackers		(2.0)
Total change in operating revenues	**$**	**(92.1)**

Operating expenses were $360.5 million lower for the three months ended March 31, 2021 compared to the same period in 2020.

Changes in Operating Expenses *(in millions)*		**Favorable (Unfavorable)**
Loss on sale of the Massachusetts Business of $6.9 million in 2021 compared to $280.2 million in 2020	$	273.3
Operating expenses associated with the Massachusetts Business in 2020		65.6
Lower employee and administrative expenses		4.9
Severance and outside services expense related to NiSource Next initiative		(5.9)
Higher depreciation and amortization expense primarily due to higher capital expenditures placed in service		(5.8)
Other		3.7
Change in operating expenses (before cost of energy and other tracked items)	$	335.8
Operating expenses offset in operating revenue		
Higher cost of energy billed to customers		(81.3)
Cost of energy associated with the Massachusetts Business in 2020		79.7
Operation and maintenance trackers associated with the Massachusetts Business in 2020		24.3
Lower operation and maintenance, depreciation, and tax trackers		2.0
Total change in operating expense	**$**	**360.5**

Weather

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

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NiSource Inc.
Gas Distribution Operations

related dollar impacts on operations when there is not an apparent or significant change in our aggregated composite heating degree day comparison.

Weather in the Gas Distribution Operations service territories for the first quarter of 2021 was about 5% warmer than normal and about 11% colder than 2020, leading to increased operating revenues of $16.4 million for the quarter ended March 31, 2021 compared to the same period in 2020.

Throughput
Total volumes sold and transported for the three months ended March 31, 2021 were 334.7 MMDth, compared to 350.4 MMDth for the same period in 2020. This decrease is primarily attributable to the sale of the Massachusetts Business, offset by the effects of colder weather in 2021 compared to 2020.

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

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

Columbia of Massachusetts Asset Sale
On October 9, 2020, we completed the sale of our Massachusetts Business. In March 2021, we reached an agreement with Eversource regarding the final purchase price, including net working capital adjustments, which resulted in a pre-tax loss for the three months ended March 31, 2021 of $6.9 million. The total loss on the sale as of March 31, 2021 is $419.3 million based on asset and liability balances as of the close of the transaction on October 9, 2020, transaction costs and the final purchase price. The pre-tax loss is presented as "Loss on sale of assets, net" on the Condensed Statements of Consolidated Income (unaudited).

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

NiSource Inc.
Electric Operations

Financial and operational data for the Electric Operations segment for the three months ended March 31, 2021 and 2020 are presented below:

	Three Months Ended March 31,		
(in millions)	**2021**	2020	2021 vs. 2020
Operating Revenues	**402.7**	$ 377.5	25.2
Operating Expenses			
Cost of energy	**97.8**	85.0	12.8
Operation and maintenance	**119.1**	120.9	(1.8)
Depreciation and amortization	**83.4**	78.9	4.5
Other taxes	**14.5**	14.2	0.3
Total Operating Expenses	**314.8**	299.0	15.8
Operating Income	**$ 87.9**	$ 78.5	$ 9.4
Revenues			
Residential	**$ 129.2**	$ 119.2	$ 10.0
Commercial	**122.9**	120.2	2.7
Industrial	**123.1**	109.1	14.0
Wholesale	**3.4**	3.2	0.2
Other	**24.1**	25.8	(1.7)
Total	**$ 402.7**	$ 377.5	$ 25.2
Sales (Gigawatt Hours)			
Residential	**804.6**	755.5	49.1
Commercial	**867.9**	878.7	(10.8)
Industrial	**2,063.3**	2,071.1	(7.8)
Wholesale	**32.1**	71.4	(39.3)
Other	**27.3**	28.2	(0.9)
Total	**3,795.2**	3,804.9	(9.7)
Electric Customers			
Residential	**419,582**	416,501	3,081
Commercial	**57,538**	57,150	388
Industrial	**2,156**	2,160	(4)
Wholesale	**720**	725	(5)
Other	**2**	2	—
Total	**479,998**	476,538	3,460

Cost of energy for the Electric Operations segment is principally comprised of the cost of coal, related handling costs, natural gas purchased for internal generation of electricity at NIPSCO, and the cost of power purchased from third-party generators of electricity. The majority of these are tracked costs that are passed through directly to the customer resulting in an equal and offsetting amount reflected in operating revenue. In addition, comparability of operation and maintenance expenses and depreciation and amortization may be impacted by regulatory and depreciation trackers that allow for the recovery in rates of certain costs. Therefore, increases in these tracked operating expenses are offset by increases in operating revenues and have essentially no impact on net income.

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NiSource Inc.
Electric Operations

Three Months Ended March 31, 2021 vs. March 31, 2020 Operating Income

For the three months ended March 31, 2021, Electric Operations reported operating income of $87.9 million, an increase of $9.4 million from the comparable 2020 period.

Operating revenues for the three months ended March 31, 2021 were $402.7 million, an increase of $25.2 million from the same period in 2020.

Changes in Operating Revenues *(in millions)*		**Favorable (Unfavorable)**
Increased customer usage, primarily driven by residential customers	$	4.8
New rates from infrastructure improvement and DSM programs		2.8
The effects of customer growth		1.0
Other		1.4
Change in operating revenues (before cost of energy and other tracked items)	$	10.0
Operating revenues offset in operating expense		
Higher cost of energy billed to customers		12.8
Higher operation and maintenance and depreciation trackers		2.4
Total change in operating revenues	$	25.2

Operating expenses were $15.8 million higher for the three months ended March 31, 2021 compared to the same period in 2020.

Changes in Operating Expenses *(in millions)*		**Favorable (Unfavorable)**
Higher generation-related maintenance	$	(4.2)
Increased depreciation primarily due to additional plant placed in service		(3.4)
Severance and outside services expenses related to the NiSource Next initiative		(2.3)
Decreased environmental costs		6.8
Lower employee and administrative costs		4.3
Other		(1.8)
Change in operating expenses (before cost of energy and other tracked items)	$	(0.6)
Operating expenses offset in operating revenue		
Higher cost of energy billed to customers		(12.8)
Higher operation and maintenance and depreciation trackers		(2.4)
Total change in operating expense	$	(15.8)

Weather

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

Weather in the Electric Operations' territories for the first quarter of 2021 was about 3% warmer than normal and about 7% cooler than in 2020, which had an immaterial impact on operating revenues for the quarter ended March 31, 2021 compared to the same period in 2020.

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NiSource Inc.
Electric Operations

Sales
Electric Operations sales for the first quarter of 2021 were 3,795.2 GWh, an immaterial decrease compared to the same period in 2020.

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

Electric Supply and Generation Transition
NIPSCO continues to execute on an electric generation transition consistent with the preferred pathway from its 2018 Integrated Resource Plan, which outlines plans to retire all of its remaining coal-fired generation by 2028, to be replaced by lower-cost, reliable and cleaner options. The plan is expected to be a key element of a 90% reduction in NiSource's greenhouse gas emissions by 2030 compared with 2005 levels, and to save NIPSCO electric customers more than $4 billion over 30 years. We expect to have incremental capital investment requirements of approximately $2.0 billion, primarily in 2022 and 2023. On March 11, 2021, NIPSCO submitted modified Attachment Y Notices to MISO requesting an updated retirement date for coal-fired units 14 and 15. These units are now expected to be retired by the end of 2021, with the station's remaining two units still on track to be retired by 2023. Refer to Note 7, "Property, Plant and Equipment" and Note 17-D, "Other Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for further information.

The current replacement plan includes renewable sources of energy, including wind, solar, and battery storage to be obtained through a combination of NIPSCO ownership and PPAs. NIPSCO has executed several PPAs to purchase 100% of the output from renewable generation facilities at a fixed price per MWh. Each facility supplying the energy will have an associated nameplate capacity, and payments under the PPAs will not begin until the associated generation facility is constructed by the owner/seller. NIPSCO has also executed several BTAs with developers to construct renewable generation facilities.

The following table summarizes the executed PPAs and BTAs from our generation transition:

Project Name	Transaction Type	Technology	Nameplate Capacity (MW)	Storage Capacity (MW)	Submitted to IURC	IURC Approval	Estimated Construction Completion
Jordan Creek	20 year PPA	Wind	400	—	02/01/2019	6/05/2019	In Service (12/10/2020)
Rosewater[1]	BTA	Wind	100	—	02/01/2019	8/07/2019	In Service (12/29/2020)
Indiana Crossroads[2]	BTA	Wind	300	—	10/22/2019	2/19/2020	Q4 2021
Greensboro	20 year PPA	Solar & Storage	100	30	7/17/2020	1/27/2021	Q4 2022
Brickyard	20 year PPA	Solar	200	—	7/17/2020	1/27/2021	Q4 2022
Cavalry[2]	BTA	Solar & Storage	200	60	11/30/2020	5/5/2021	Q4 2023
Dunn's Bridge I[2]	BTA	Solar	265	—	11/30/2020	5/5/2021	Q4 2022
Dunn's Bridge II[2]	BTA	Solar & Storage	435	75	11/30/2020	5/5/2021	Q4 2023
Green River	20 year PPA	Solar	200	—	12/23/2020	5/5/2021	Q2 2023
Gibson	22 year PPA	Solar	280	—	01/29/2021	Pending	Q2 2023
Fairbanks[2]	BTA	Solar	250	—	03/03/2021	Pending	Q3 2023
Indiana Crossroads[2]	BTA	Solar	200	—	03/19/2021	Pending	Q4 2022
Elliot[2]	BTA	Solar	200	—	03/31/2021	Pending	Q2 2023
Indiana Crossroads II	15 year PPA	Wind	200	—	04/30/2021	Pending	Q4 2023

(1) Refer to Note 15, "Variable Interest Entities," for additional information.
(2) Ownership of the facility will be transferred to joint ventures whose members include NIPSCO and an unrelated tax equity partner.

Liquidity and Capital Resources

We continually evaluate the availability of adequate financing to fund our ongoing business operations, working capital and core safety and infrastructure investment programs. Our financing is sourced through cash flow from operations and the issuance of debt and/or equity. External debt financing is provided primarily through the issuance of long-term debt, accounts receivable securitization programs and our $1.5 billion commercial paper program, which is backstopped by our committed revolving credit facility with a total availability from third-party lenders of $1.85 billion. The commercial paper program and credit facility provide cost-effective, short-term financing until it can be replaced with a balance of long-term debt and equity financing that achieves our desired capital structure. We utilize an ATM equity program that allows us to issue and sell shares of our common stock up to an aggregate issuance of $750.0 million through December 31, 2023. On April 19, 2021, we completed the sale of 8.625 million Equity Units, which provided net proceeds of $835.5 million, after underwriting and estimated issuance expenses. We intend to use the net proceeds from the offering for renewable generation investments and general corporate purposes, including additions to working capital and repayment of existing indebtedness.

We believe these sources provide adequate capital to fund our operating activities and capital expenditures in 2021 and beyond.

Greater Lawrence Incident: As discussed in Note 17, "Other Commitments and Contingencies," in the Notes to the Condensed Consolidated Financial Statements (unaudited), due to the inherent uncertainty of litigation, there can be no assurance that the outcome or resolution of any particular claim related to the Greater Lawrence Incident will not continue to have an adverse impact on our cash flows. Through income generated from operating activities, amounts available under the short-term revolving credit facility, and our ability to access capital markets, we believe we have adequate capital available to settle remaining anticipated claims associated with the Greater Lawrence Incident.

Operating Activities
Net cash from operating activities for the three months ended March 31, 2021 was $448.3 million, an increase of $78.4 million compared to the three months ended March 31, 2020. This increase was primarily driven by a year over year decrease in net payments related to the Greater Lawrence Incident. During 2021, we paid approximately $6 million compared to $150 million of payments during the same period in 2020. Additionally, we had decreased compensation and employee benefit payments in 2021 compared to 2020. Offsetting these decreased cash outflows are increases related to the under collection of gas and fuel costs.

Investing Activities
Net cash used for investing activities for the three months ended March 31, 2021 was $401.8 million, a decrease of $82.8 million compared to the three months ended March 31, 2020. This decrease was driven by lower capital expenditures associated with the Massachusetts Business in 2020 and timing of growth spend. We project total 2021 capital expenditures to be approximately $1.9 to $2.1 billion.

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Regulatory Capital Improvement Programs. In 2021, we continue to move forward on core infrastructure and environmental investment programs supported by complementary regulatory and customer initiatives across all six states of our operating area.

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

(in millions)

Company	Program	Incremental Revenue	Incremental Capital Investment	Investment Period	Costs Covered[1]	Rates Effective
Columbia of Ohio	IRP - 2021	22.2	212.6	1/20-12/20	Replacement of (1) hazardous service lines, (2) cast iron, wrought iron, uncoated steel, and bare steel pipe, (3) natural gas risers prone to failure and (4) installation of AMR devices.	May 2021
Columbia of Ohio	CEP - 2021	18.3	179.2	1/20-12/20	Assets not included in the IRP.	September 2021
NIPSCO - Gas	TDSIC 2	1.8	52.3	7/20-12/20	New or replacement projects undertaken for the purpose of safety, reliability, system modernization or economic development.	July 2021
NIPSCO - Gas	FMCA 5	1.4	42.3	4/20-9/20	Project costs to comply with federal mandates.	April 2021
Columbia of Pennsylvania[2]	DSIC - Q4 2020	0.8	25.0	9/20-11/20	Eligible project costs including piping, couplings, gas service lines, excess flow valves, risers, meter bars, meters, and other related capitalized cost, to improve the distribution system.	January 2021
Columbia of Virginia	SAVE - 2021	5.2	46.4	1/21-12/21	Replacement projects that (1) enhance system safety or reliability, or (2) reduce, or potentially reduce, greenhouse gas emissions.	January 2021
Columbia of Kentucky	SMRP - 2021	2.6	40.0	1/21-12/21	Replacement of mains and inclusion of system safety investments.	May 2021
Columbia of Maryland	STRIDE - 2021	1.3	16.9	1/21-12/21	Pipeline upgrades designed to improve public safety or infrastructure reliability.	January 2021
NIPSCO - Electric[3][4]	TDSIC - 8	(2.0)	73.5	8/20-1/21	New or replacement projects undertaken for the purpose of safety, reliability, system modernization or economic development.	August 2021
NIPSCO - Electric[5]	FMCA - 13	(1.2)	—	9/19-2/20	Project costs to comply with federal mandates.	August 2020

[1]Programs do not include any costs already included in base rates.
[2]Effective January 23, 2021, Columbia of Pennsylvania's DSIC rate was set to zero due to the inclusion of the incremental capital and revenue in base rates following the Pennsylvania PUC's Final Order in the 2020 rate case.
[3]Decrease in incremental revenue is due to lower depreciation expense (pre-2018 base rate case vs post-2018 base rate case).
[4]On April 1, 2021, NIPSCO filed a notice with the IURC that it intends to terminate its current Electric TDSIC plan effective May 31, 2021. NIPSCO expects to file for a new electric TDSIC plan on or soon after June 1, 2021.
[5]Decrease in incremental revenue is inclusive of tracker eligible operations and maintenance expense. No eligible capital investments were made during the investment period.

Financing Activities

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

Short-term Debt. Refer to Note 16, "Short-Term Borrowings," in the Notes to Condensed Consolidated Financial Statements (unaudited) for information on short-term debt activity.

Non-controlling Interest. Refer to Note 15, "Variable Interest Entities," in the Notes to Condensed Consolidated Financial Statements (unaudited) for information on contributions from non-controlling interest activity.

Net Available Liquidity. As of March 31, 2021, an aggregate of $1,866.0 million of net liquidity was available, including cash and credit available under the revolving credit facility.

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The following table displays our liquidity position as of March 31, 2021 and December 31, 2020:

(in millions)	**March 31, 2021**	December 31, 2020
Current Liquidity		
Revolving Credit Facility	**$ 1,850.0**	$ 1,850.0
Accounts Receivable Program[(1)]	**462.1**	273.3
Less:		
Commercial Paper	**520.0**	503.0
Accounts Receivable Program Utilized	**—**	—
Letters of Credit Outstanding Under Credit Facility	**15.2**	15.2
Add:		
Cash and Cash Equivalents	**89.1**	116.5
Net Available Liquidity	**$ 1,866.0**	$ 1,721.6

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

Debt Covenants. We are subject to financial covenants under our revolving credit facility, which require us to maintain a debt to capitalization ratio that does not exceed 70%. As of March 31, 2021, the ratio was 62.2%.

Sale of Trade Accounts Receivables. Refer to Note 11, "Transfers of Financial Assets," in the Notes to Condensed Consolidated Financial Statements (unaudited) for information on the sale of trade accounts receivable.

Credit Ratings. The credit rating agencies periodically review our ratings, taking into account factors such as our capital structure and earnings profile. The following table includes our and certain of our subsidiaries' credit ratings and ratings outlook as of March 31, 2021. There were no changes to the below credit ratings or outlooks since December 31, 2020.

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

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

Certain of our subsidiaries have agreements that contain "ratings triggers" that require increased collateral if our credit rating or the credit ratings of certain of our subsidiaries are below investment grade. These agreements are primarily for insurance purposes and for the physical purchase or sale of power. As of March 31, 2021, the collateral requirement that would be required in the event of a downgrade below the ratings trigger levels would amount to approximately $54.8 million. In addition to agreements with ratings triggers, there are other agreements that contain "adequate assurance" or "material adverse change" provisions that could necessitate additional credit support such as letters of credit and cash collateral to transact business.

Equity. Our authorized capital stock consists of 620,000,000 shares, $0.01 par value, of which 600,000,000 are common stock and 20,000,000 are preferred stock. As of March 31, 2021, 392,129,866 shares of common stock and 440,000 shares of preferred stock were outstanding.

Contractual Obligations. There were no material changes during the three months ended March 31, 2021 to our contractual obligations as of December 31, 2020.

Guarantees and Indemnities. We and certain of our subsidiaries enter into various agreements providing financial or performance assurance to third parties on behalf of certain subsidiaries as a part of normal business. Refer to Note 17, "Other Commitments and Contingencies," in the Notes to the Condensed Consolidated Financial Statements (unaudited) for information on guarantees.

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

NiSource Inc.
Regulatory and Other Matters

Cost Recovery and Trackers

Comparability of our line item operating results is impacted by regulatory trackers that allow for the recovery in rates of certain costs such as those described below. Increases in the expenses that are subject to approved regulatory tracker mechanisms generally lead to increased regulatory assets, which ultimately result in a corresponding increase in operating revenues and, therefore, have essentially no impact on total operating income results. Certain approved regulatory tracker mechanisms allow for abbreviated regulatory proceedings in order for the operating companies to quickly implement revised rates and recover associated costs.

A portion of the Gas Distribution revenue is related to the recovery of gas costs, the review and recovery of which occurs through standard regulatory proceedings. All states in our operating area require periodic review of actual gas procurement activity to determine prudence and to confirm the recovery of prudently incurred energy commodity costs supplied to customers.

A portion of the Electric Operations revenue is related to the recovery of fuel costs to generate power and the fuel costs related to purchased power. These costs are recovered through a FAC, which is updated quarterly to reflect actual costs incurred to supply electricity to customers.

Increased efficiency of natural gas appliances and improvements in home building codes and standards has contributed to a long-term trend of declining average use per customer. While historical rate design at the distribution level has been structured such that a large portion of cost recovery is based upon throughput rather than in a fixed charge, operating costs are largely incurred on a fixed basis and do not fluctuate due to changes in customer usage. As a result, Gas Distribution Operations have pursued changes in rate design to more effectively match recoveries with costs incurred. Each of the states in which Gas Distribution Operations operate has different requirements regarding the procedure for establishing changes to rate design.

Columbia of Ohio has adopted a straight fixed variable rate design that closely links the recovery of fixed costs with fixed charges. Columbia of Maryland and Columbia of Virginia have regulatory approval for weather and revenue normalization adjustments for certain customer classes, which adjust monthly revenues that exceed or fall short of approved levels during specified heating months. Columbia of Pennsylvania continues to operate its pilot residential weather normalization adjustment and also has a fixed customer charge. This weather normalization adjustment only adjusts revenues when actual weather compared to normal varies by more than 3%. Columbia of Kentucky incorporates a weather normalization adjustment for certain customer classes and also has a fixed customer charge. In a prior gas base rate proceeding, NIPSCO implemented a higher fixed customer charge for residential and small customer classes moving toward recovering more of its fixed costs through a fixed recovery charge, but has no weather or usage protection mechanism.

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

(in millions)

Company	Proposed ROE	Approved ROE	Requested Incremental Revenue	Approved Incremental Revenue	Filed	Status	Rates Effective
Columbia of Pennsylvania[1]	9.86 %	9.86 %	$ 76.8	$ 63.5	April 24, 2020	Approved February 19, 2021	January 2021
Columbia of Pennsylvania	10.95 %	In process	$ 98.3	In process	March 30, 2021	Order Expected Q4 2021	December 2021

[1]The 9.86% ROE and the $76.8 million requested incremental revenue stated above reflect compromise positions taken by Columbia of Pennsylvania during the briefing stages of its 2020 base rate case. In its initial filing on April 24, 2020, Columbia of Pennsylvania proposed an ROE of 10.95% and requested incremental revenue of $100.4 million. A Final Order from the Pennsylvania PUC was received on February 19, 2021 for rates effective retroactive to January 23, 2021. On March 8, 2021, the Pennsylvania Office of Consumer Advocate filed a Petition for Reconsideration, seeking to have the Pennsylvania PUC modify its February 19 Final Order. On April 15, 2021, the Pennsylvania PUC issued an Opinion and Order denying the Office of Consumer Advocate's Petition. Parties have 30 days in which to file an appeal.

In addition to the rate case actions noted in the table above, Columbia of Kentucky has filed a Notice of Intent to file a base rate case on May 28, 2021 or soon thereafter.

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NiSource Inc.
Regulatory and Other Matters

COVID-19 Regulatory Deferrals
In addition to the cost deferred to a regulatory asset as noted in Note 8, "Regulatory Matters", in the Notes to Condensed Consolidated Financial Statements (unaudited), certain states have permitted us to track lost late and disconnect fee revenues due to the pandemic. While these costs do not qualify as regulatory assets under ASC 980, we will consider seeking recovery of these costs in future regulatory proceedings.

PHMSA Regulations
On December 27, 2020, the Protecting Our Infrastructure of Pipelines and Enhancing Safety (PIPES) Act of 2020 was signed into law reauthorizing funding for federal pipeline safety programs through September 30, 2023. Among other things, the PIPES Act requires that PHMSA revise the pipeline safety regulations to require operators to update, as needed, their existing distribution integrity management plans, emergency response plans, and O&M plans. The PIPES Act also requires PHMSA to adopt new requirements for managing records and updating, as necessary existing district regulator stations to eliminate common modes of failure that can lead to overpressurization. PHMSA must also require that operators implement leak detection and repair programs that meet safety needs and protect the environment, require the use of advance leak detection practices and technologies, and require operators to be able to locate and categorize all leaks that are hazardous to human safety or the environment, or that can become hazardous. Natural gas companies, including the Company, may see increased costs depending on how PHMSA implements the new mandates resulting from the PIPES Act.

Climate Issues
Future legislative and regulatory programs could significantly limit allowed GHG emissions or impose a cost or tax on GHG emissions. Additionally, rules that require further GHG reductions or impose additional requirements for natural gas facilities could impose additional costs.

In February 2021, the United States rejoined the Paris Agreement, an international treaty through which parties set nationally determined contributions to reduce GHG emissions, build resilience, and adapt to the impacts of climate change. Subsequently, the Biden Administration released a target for the United States to achieve a 50%-52% GHG reduction from 2005 levels by 2030, which supports the President's goals to create a carbon-free power sector by 2035 and net zero emissions economy no later than 2050. There are many pathways to reach these goals. We will carefully monitor all climate-related policy as we continue to actively implement our plans to be coal-free by 2028 and achieve our 90% GHG reduction target by 2030.

On July 8, 2019, the EPA published the final ACE rule, which establishes emission guidelines for states to use when developing plans to limit carbon dioxide at coal-fired electric generating units based on heat rate improvement measures. The U.S. Court of Appeals for the D.C. Circuit vacated and remanded the rule on January 19, 2021. NIPSCO will continue to monitor this matter.

Off-Balance Sheet Arrangements

We, along with certain of our subsidiaries, enter into various agreements providing financial or performance assurance to third parties on behalf of certain subsidiaries. Such agreements include guarantees and stand-by letters of credit.

Refer to Note 17, "Other Commitments and Contingencies," in the Notes to Condensed Consolidated Financial Statements (unaudited) for additional information about such arrangements.

Market Risk Disclosures

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

Commodity Price Risk

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

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

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

Refer to Note 9, "Risk Management Activities," in the Notes to Condensed Consolidated Financial Statements (unaudited) for further information on our commodity price risk assets and liabilities as of March 31, 2021 or December 31, 2020.

Interest Rate Risk

We are exposed to interest rate risk as a result of changes in interest rates on borrowings under our revolving credit agreement, commercial paper program, accounts receivable programs and now-settled term loan, which have interest rates that are indexed to short-term market interest rates. Based upon average borrowings and debt obligations subject to fluctuations in short-term market interest rates, an increase (or decrease) in short-term interest rates of 100 basis points (1%) would have increased (or decreased) interest expense by $1.2 million and $4.3 million for the three months ended March 31, 2021, and March 31, 2020, respectively. We are also exposed to interest rate risk as a result of changes in benchmark rates that can influence the interest rates of future debt issuances.

Refer to Note 9, "Risk Management Activities," in the Notes to Condensed Consolidated Financial Statements (unaudited) for further information on our interest rate risk assets and liabilities as of March 31, 2021 and December 31, 2020.

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Credit Risk

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

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

Certain individual state regulatory commissions instituted regulatory moratoriums in connection with the COVID-19 pandemic that impacted our ability to pursue our credit risk mitigation practices for customer accounts receivable. Following the issuances of these moratoriums, certain of our regulated operations have been authorized to recognize a regulatory asset for bad debt costs above levels currently in rates. We have reinstated our common credit mitigation practices where moratoriums have expired. Refer to Note 8, "Regulatory Matters" in the Notes to Condensed Consolidated Financial Statements (unaudited) for state-specific regulatory moratoriums.

Other Information

Critical Accounting Estimates

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

Refer to Note 12, "Goodwill," in the Notes to Condensed Consolidated Financial Statements (unaudited) for additional information about management judgment used in the annual goodwill impairment analysis performed as of May 1, 2020.

Refer to Note 15, "Variable Interest Entities," in the Notes to Condensed Consolidated Financial Statements (unaudited) for additional information about management judgement used in determining how to account for our variable interest entity.

Recently Issued Accounting Pronouncements

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

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NiSource Inc.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

ITEM 4. CONTROLS AND PROCEDURES

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

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

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NiSource Inc.

PART II

ITEM 1. LEGAL PROCEEDINGS

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

ITEM 1A. RISK FACTORS

The risk factors set forth in Item 1A of the Company's Annual Report on Form 10-K for the year ended December 31, 2020 are supplemented with the following risk factors, which should be read in conjunction with the risk factors set forth in the Annual Report on Form 10-K.

Risk Factors Relating to our Equity Units

The trading prices for our Equity Units, initially consisting of Corporate Units, and related treasury units and mandatory convertible preferred stock, are expected to be affected by, among other things, the trading prices of our common stock, the general level of interest rates and our credit quality.

The trading prices of the Equity Units, initially consisting of Corporate Units, which are listed on the New York Stock Exchange, and the related treasury units and mandatory convertible preferred stock in the secondary market, are expected to be affected by, among other things, the trading prices of our common stock, the general level of interest rates and our credit quality. It is impossible to predict whether the price of our common stock or interest rates will rise or fall. The price of our common stock could be subject to wide fluctuations in the future in response to many events or factors, including those discussed in the risk factors herein and in our Annual Report on Form 10-K for the year ended December 31, 2020, as may be supplemented by subsequently filed Quarterly Reports on Form 10-Q, many of which events and factors are beyond our control. Fluctuations in interest rates may give rise to arbitrage opportunities based upon changes in the relative value of the common stock underlying the purchase contracts and of the other components of the Equity Units. Any such arbitrage could, in turn, affect the trading prices of the Corporate Units, treasury units, mandatory convertible preferred stock and our common stock.

The fundamental change early settlement right triggered under certain circumstances by a fundamental change and the supermajority rights of the mandatory convertible preferred stock in connection with certain fundamental change transactions jointly could discourage a potential acquirer.

The fundamental change early settlement right with respect to the purchase contracts triggered under certain circumstances by a fundamental change and the supermajority voting rights of the mandatory convertible preferred stock in connection with certain fundamental change transactions jointly could discourage a potential acquirer, including potential acquirers that would otherwise seek a transaction with us that would be attractive to our investors.

Our Equity Units, initially consisting of Corporate Units, and related mandatory convertible preferred stock, and the issuance and sale of common stock in settlement of the purchase contracts and conversion of mandatory convertible preferred stock, may all adversely affect the market price of our common stock and will cause dilution to our stockholders.

The market price of our common stock is likely to be influenced by our Equity Units, initially consisting of Corporate Units, and related mandatory convertible preferred stock. For example, the market price of our common stock could become more volatile and could be depressed by:

- investors' anticipation of the sale into the market of a substantial number of additional shares of our common stock issued upon settlement of the purchase contracts or conversion of our mandatory convertible preferred stock;
- possible sales of our common stock by investors who view our Equity Units, initially consisting of Corporate Units, or related mandatory convertible preferred stock as a more attractive means of equity participation in us than owning shares of our common stock; and
- hedging or arbitrage trading activity that we expect to develop involving our Equity Units, initially consisting of Corporate Units, or related mandatory convertible preferred stock and our common stock.

In addition, we cannot predict the effect that future issuances or sales of our common stock, if any, including those made upon the settlement of the purchase contracts or conversion of the mandatory convertible preferred stock, may have on the market price for our common stock.

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ITEM 1A. RISK FACTORS

NiSource Inc.

Our Equity Units, initially consisting of Corporate Units, and the issuance and sale of substantial amounts of common stock, including issuances and sales upon the settlement of the purchase contracts or conversion of the mandatory convertible preferred stock, could adversely affect the market price of our common stock and will cause dilution to our stockholders.

Operational Risk

A cyber-attack on any of our or certain third-party computer systems upon which we rely may adversely affect our ability to operate and could lead to a loss or misuse of confidential and proprietary information or potential liability.

We are reliant on technology to run our business, which is dependent upon financial and operational computer systems to process critical information necessary to conduct various elements of our business, including the generation, transmission and distribution of electricity; operation of our gas pipeline facilities; and the recording and reporting of commercial and financial transactions to regulators, investors and other stakeholders. In addition to general information and cyber risks that all large corporations face (e.g., malware, unauthorized access attempts, phishing attacks, malicious intent by insiders, third-party software vulnerabilities and inadvertent disclosure of sensitive information), the utility industry faces evolving and increasingly complex cybersecurity risks associated with protecting sensitive and confidential customer and employee information, electric grid infrastructure, and natural gas infrastructure. Deployment of new business technologies, along with maintaining legacy technology, represents a large-scale opportunity for attacks on our information systems and confidential customer and employee information, as well as on the integrity of the energy grid and the natural gas infrastructure. Increasing large-scale corporate attacks in conjunction with more sophisticated threats continue to challenge power and utility companies. Any failure of our computer systems, or those of our customers, suppliers or others with whom we do business, could materially disrupt our ability to operate our business and could result in a financial loss and possibly do harm to our reputation.

Additionally, our information systems experience ongoing, often sophisticated, cyber-attacks by a variety of sources, including foreign sources, with the apparent aim to breach our cyber-defenses. Although we attempt to maintain adequate defenses to these attacks and work through industry groups and trade associations to identify common threats and assess our countermeasures, a security breach of our information systems, or a security breach of the information systems of our customers, suppliers or others with whom we do business, could (i) adversely impact our ability to safely and reliably deliver electricity and natural gas to our customers through our generation, transmission and distribution systems and potentially negatively impact our compliance with certain mandatory reliability and gas flow standards, (ii) subject us to reputational and other harm or liabilities associated with theft or inappropriate release of certain types of information such as system operating information or information, personal or otherwise, relating to our customers or employees, (iii) impact our ability to manage our businesses, and/or (iv) subject us to legal and regulatory proceedings and claims from third parties, in addition to remediation costs, any of which, in turn, could have a material adverse effect on our businesses, cash flows, financial condition, results of operations and/or prospects. Although we do maintain cyber insurance, it is possible that such insurance will not adequately cover any losses or liabilities we may incur as a result of a cybersecurity incident.

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

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

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ITEM 6. EXHIBITS

NiSource Inc.

(1.1)	Form of Equity Distribution Agreement (incorporated by reference to Exhibit 1.1 of the NiSource Inc. Form 8-K filed on February 22, 2021).
(1.2)	Form of Master Forward Sale Confirmation (incorporated by reference to Exhibit 1.2 of the NiSource Inc. Form 8-K filed on February 22, 2021).
(3.1)	Certificate of Designations with respect to the Series C Mandatory Convertible Preferred Stock, dated April 19, 2021 (incorporated by reference to Exhibit 3.1 of the NiSource Inc. Form 8-K filed on April 19, 2021).
(4.1)	Purchase Contract and Pledge Agreement, dated April 19, 2021, between NiSource Inc. and U.S. Bank National Association, in its capacity as the purchase contract agent, collateral agent, custodial agent and securities intermediary (incorporated by reference to Exhibit 4.1 of the NiSource Inc. Form 8-K filed on April 19, 2021).
(4.2)	Form of Series A Corporate Units Certificate (incorporated by reference listed under Exhibit 4.1 above).
(4.3)	Form of Series A Treasury Units Certificate (incorporated by reference listed under Exhibit 4.1 above).
(4.4)	Form of Series A Cash Settled Units Certificate (incorporated by reference listed under Exhibit 4.1 above).
(4.5)	Form of Series C Mandatory Convertible Preferred Stock Certificate (incorporated by reference listed under Exhibit 3.1 above).
(31.1)	Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
(31.2)	Certification of Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
(32.1)	Certification of Chief Executive Officer pursuant to 18. U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).*
(32.2)	Certification of Chief Financial Officer pursuant to 18. U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).*
(101.INS)	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
(101.SCH)	Inline XBRL Schema Document
(101.CAL)	Inline XBRL Calculation Linkbase Document
(101.LAB)	Inline XBRL Labels Linkbase Document
(101.PRE)	Inline XBRL Presentation Linkbase Document
(101.DEF)	Inline XBRL Definition Linkbase Document
(104)	Cover page Interactive Data File (formatted as inline XBRL, and contained in Exhibit 101.)
*	Exhibit filed herewith.

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SIGNATURE

NiSource Inc.

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

			NiSource Inc.
			(Registrant)
Date:	May 5, 2021	By:	/s/ Gunnar J. Gode
			Gunnar J. Gode Vice President, Chief Accounting Officer and Controller (Principal Accounting Officer)

Exhibit 31.1

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

I, Joseph Hamrock, certify that:

1. I have reviewed this Quarterly Report of NiSource Inc. on Form 10-Q for the quarter ended March 31, 2021;

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

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

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

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

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

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

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

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

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

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

Date: May 5, 2021

By: /s/ Joseph Hamrock
Joseph Hamrock
President and Chief Executive Officer

Exhibit 31.2

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

I, Donald E. Brown, certify that:

1. I have reviewed this Quarterly Report of NiSource Inc. on Form 10-Q for the quarter ended March 31, 2021;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 5, 2021

By: /s/ Donald E. Brown

Donald E. Brown
Executive Vice President, Chief Financial Officer, and
President of NiSource Corporate Services

Exhibit 32.1

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

In connection with the Quarterly Report of NiSource Inc. (the "Company") on Form 10-Q for the quarter ending March 31, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Joseph Hamrock, Chief Executive Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

/s/ Joseph Hamrock
Joseph Hamrock
President and Chief Executive Officer

Date: May 5, 2021

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, 2021 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Donald E. Brown, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

/s/ Donald E. Brown

Donald E. Brown
Executive Vice President, Chief Financial Officer, and President of
NiSource Corporate Services

Date: May 5, 2021

FORM 10-Q
SEPTEMBER 30, 2020

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

FORM 10-Q

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

For the quarterly period ended September 30, 2020

or

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

For the transition period from ______ to ______

Commission file number 001-16189

NiSource Inc.

(Exact name of registrant as specified in its charter)

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

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

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

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

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

Yes ☑ No ☐

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

Yes ☑ No ☐

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

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

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

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: Common Stock, $0.01 Par Value: 383,212,193 shares outstanding at October 26, 2020.

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

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DEFINED TERMS

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

NiSource Subsidiaries, Affiliates and Former Subsidiaries	
Columbia of Kentucky	Columbia Gas of Kentucky, Inc.
Columbia of Maryland	Columbia Gas of Maryland, Inc.
Columbia of Massachusetts	Bay State Gas Company
Columbia of Ohio	Columbia Gas of Ohio, Inc.
Columbia of Pennsylvania	Columbia Gas of Pennsylvania, Inc.
Columbia of Virginia	Columbia Gas of Virginia, Inc.
NIPSCO	Northern Indiana Public Service Company LLC
NiSource ("we," "us" or “our”)	NiSource Inc.
Abbreviations and Other	
ACE	Affordable Clean Energy
AFUDC	Allowance for funds used during construction
AOCI	Accumulated Other Comprehensive Income (Loss)
ASC	Accounting Standards Codification
ASU	Accounting Standards Update
ATM	At-the-market
BTA	Build-transfer agreement
CARES Act	The Coronavirus Aid, Relief and Economic Security Act provides more than $2 trillion to battle COVID-19 and its economic effects, including various types of economic relief for impacted business and industries.
CCRs	Coal Combustion Residuals
CEP	Capital Expenditure Program
CERCLA	Comprehensive Environmental Response Compensation and Liability Act (also known as Superfund)
COVID-19	Novel Coronavirus 2019
DSIC	Distribution System Improvement Charge
DPU	Department of Public Utilities
ELG	Effluent limitations guidelines
EPA	United States Environmental Protection Agency
EPS	Earnings per share
FAC	Fuel adjustment clause
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission
FMCA	Federally Mandated Cost Adjustment
GAAP	Generally Accepted Accounting Principles
GCA	Gas cost adjustment
GCR	Gas cost recovery
GHG	Greenhouse gases
GWh	Gigawatt hours
IRP	Infrastructure Replacement Program
IURC	Indiana Utility Regulatory Commission
LIBOR	London InterBank Offered Rate
MA DOR	Massachusetts Department of Revenue

DEFINED TERMS

Massachusetts Business	All of the assets sold to, and liabilities assumed by, Eversource pursuant to the Asset Purchase Agreement
MGP	Manufactured Gas Plant
MISO	Midcontinent Independent System Operator
MMDth	Million dekatherms
MW	Megawatts
MWh	Megawatt hours
NTSB	National Transportation Safety Board
NYMEX	New York Mercantile Exchange
OPEB	Other Postretirement Benefits
PHMSA	Pipeline and Hazardous Materials Safety Administration
PPA	Power Purchase Agreement
PSC	Public Service Commission
PTC	Production tax credit
PUC	Public Utilities Commission
PUCO	Public Utilities Commission of Ohio
RCRA	Resource Conservation and Recovery Act
RFP	Request for proposals
SAVE	Steps to Advance Virginia's Energy Plan
SEC	Securities and Exchange Commission
SMRP	Safety Modification and Replacement Program
STRIDE	Strategic Infrastructure Development Enhancement
TCJA	An Act to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018 (commonly known as the Tax Cuts and Jobs Act of 2017)
TSA	Transition Service Agreement
TDSIC	Transmission, Distribution and Storage System Improvement Charge
VSCC	Virginia State Corporation Commission

Note regarding forward-looking statements

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

Factors that could cause actual results to differ materially from the projections, forecasts, estimates and expectations discussed in this Quarterly Report on Form 10-Q include, among other things, our debt obligations; any changes to our credit rating or the credit rating of certain of our subsidiaries; our ability to execute our growth strategy; changes in general economic, capital and commodity market conditions; pension funding obligations; economic regulation and the impact of regulatory rate reviews; our ability to obtain expected financial or regulatory outcomes; our ability to adapt to, and manage costs related to, advances in technology; any changes in our assumptions regarding the financial implications of the Greater Lawrence Incident; compliance with the agreements entered into with the U.S. Attorney’s Office to settle the U.S. Attorney’s Office’s investigation relating to the Greater Lawrence Incident; potential incidents and other operating risks associated with our business; continuing and potential future impacts from the COVID-19 pandemic; our ability to obtain sufficient insurance coverage and whether such coverage will protect us against significant losses; the outcome of legal and regulatory proceedings, investigations, incidents, claims and litigation; any damage to our reputation, including in connection with the Greater Lawrence Incident; compliance with applicable laws, regulations and tariffs; compliance with environmental laws and the costs of associated liabilities;

fluctuations in demand from residential, commercial and industrial customers; economic conditions of certain industries; the success of NIPSCO's electric generation strategy; the price of energy commodities and related transportation costs; the reliability of customers and suppliers to fulfill their payment and contractual obligations; potential impairment of goodwill; changes in taxation and accounting principles; the impact of an aging infrastructure; the impact of climate change; potential cyber-attacks; construction risks and natural gas costs and supply risks; extreme weather conditions; the attraction and retention of a qualified workforce; the ability of our subsidiaries to generate cash; our ability to manage new initiatives and organizational changes; the performance of third-party suppliers and service providers; changes in the method for determining LIBOR and the potential replacement of the LIBOR benchmark interest rate; and other matters in the “Risk Factors” section of our Annual Report on Form 10-K for the fiscal year ended December 31, 2019, and in our Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2020, many of which risks are beyond our control. In addition, the relative contributions to profitability by each business segment, and the assumptions underlying the forward-looking statements relating thereto, may change over time.

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

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PART I

ITEM 1. FINANCIAL STATEMENTS

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

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

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

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ITEM 1. FINANCIAL STATEMENTS (continued)

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

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

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

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

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Condensed Consolidated Balance Sheets (unaudited)

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

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

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ITEM 1. FINANCIAL STATEMENTS (continued)

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

(in millions, except share amounts)	**September 30, 2020**	December 31, 2019
CAPITALIZATION AND LIABILITIES		
Capitalization		
Stockholders' Equity		
Common stock - $0.01 par value, 600,000,000 shares authorized; 383,114,130 and 382,135,680 shares outstanding, respectively	**$ 3.8**	$ 3.8
Preferred stock - $0.01 par value, 20,000,000 shares authorized; 440,000 shares outstanding	**880.0**	880.0
Treasury stock	**(99.9)**	(99.9)
Additional paid-in capital	**6,684.2**	6,666.2
Retained deficit	**(1,849.6)**	(1,370.8)
Accumulated other comprehensive loss	**(193.6)**	(92.6)
Total Stockholders' Equity	**5,424.9**	5,986.7
Long-term debt, excluding amounts due within one year	**9,208.9**	7,856.2
Total Capitalization	**14,633.8**	13,842.9
Current Liabilities		
Current portion of long-term debt	**21.4**	13.4
Short-term borrowings	**1,388.2**	1,773.2
Accounts payable	**410.3**	666.0
Dividends payable - common stock	**80.5**	—
Dividends payable - preferred stock	**19.4**	—
Customer deposits and credits	**229.2**	256.4
Taxes accrued	**147.1**	231.6
Interest accrued	**95.4**	99.4
Risk management liabilities	**96.9**	12.6
Exchange gas payable	**46.3**	59.7
Regulatory liabilities	**156.0**	160.2
Liabilities held for sale	**451.8**	—
Legal and environmental	**17.2**	20.1
Accrued compensation and employee benefits	**141.7**	156.3
Claims accrued	**26.3**	165.4
Other accruals	**119.1**	131.5
Total Current Liabilities	**3,446.8**	3,745.8
Other Liabilities		
Risk management liabilities	**169.5**	134.0
Deferred income taxes	**1,439.5**	1,485.3
Deferred investment tax credits	**8.8**	9.7
Accrued insurance liabilities	**82.4**	81.5
Accrued liability for postretirement and postemployment benefits	**344.4**	373.2
Regulatory liabilities	**1,936.8**	2,352.0
Asset retirement obligations	**424.8**	416.9
Other noncurrent liabilities	**214.7**	218.5
Total Other Liabilities	**4,620.9**	5,071.1
Commitments and Contingencies (Refer to Note 18, "Other Commitments and Contingencies")	**—**	—
Total Capitalization and Liabilities	**$ 22,701.5**	$ 22,659.8

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

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ITEM 1. FINANCIAL STATEMENTS (continued)

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

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

Supplemental Disclosures of Cash Flow Information

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

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

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Condensed Statements of Consolidated Equity (unaudited)

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

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

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

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

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ITEM 1. FINANCIAL STATEMENTS (continued)

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

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

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

(in millions)	Common Stock	Preferred Stock[(1)]	Treasury Stock	Additional Paid-In Capital	Retained Deficit	Accumulated Other Comprehensive Loss	Total
Balance as of January 1, 2019	**$ 3.8**	**$ 880.0**	**$ (99.9)**	**$ 6,403.5**	**$ (1,399.3)**	**$ (37.2)**	**$ 5,750.9**
Comprehensive Income:							
Net income	—	—	—	—	522.4	—	522.4
Other comprehensive loss, net of tax	—	—	—	—	—	(93.1)	(93.1)
Dividends:							
Common stock ($0.80 per share)	—	—	—	—	(298.6)	—	(298.6)
Preferred stock (See Note 5)	—	—	—	—	(56.1)	—	(56.1)
Stock issuances:							
Employee stock purchase plan	—	—	—	4.2	—	—	4.2
Long-term incentive plan	—	—	—	5.7	—	—	5.7
401(k) and profit sharing	—	—	—	13.1	—	—	13.1
Balance as of September 30, 2019	**$ 3.8**	**$ 880.0**	**$ (99.9)**	**$ 6,426.5**	**$ (1,231.6)**	**$ (130.3)**	**$ 5,848.5**

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

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ITEM 1. FINANCIAL STATEMENTS (continued)

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

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

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

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

	Preferred	Common		
Shares *(in thousands)*	**Shares**	**Shares**	**Treasury**	**Outstanding**
Balance as of January 1, 2019	**420**	**376,326**	**(3,963)**	**372,363**
Issued:				
Preferred stock	20	—	—	—
Employee stock purchase plan	—	153	—	153
Long-term incentive plan	—	465	—	465
401(k) and profit sharing	—	466	—	466
Balance as of September 30, 2019	**440**	**377,410**	**(3,963)**	**373,447**

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ITEM 1. FINANCIAL STATEMENTS (continued)

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

1. Basis of Accounting Presentation

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

The accompanying financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2019. Income for interim periods may not be indicative of results for the calendar year due to weather variations and other factors.

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

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

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ITEM 1. FINANCIAL STATEMENTS (continued)

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

2. Recent Accounting Pronouncements

Recently Issued Accounting Pronouncements

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

Standard	Description	Effective Date	Effect on the financial statements or other significant matters
ASU 2018-14, *Compensation—Retirement Benefits—Defined Benefit Plans—General (Subtopic 715-20): Disclosure Framework—Changes to the Disclosure Requirements for Defined Benefit Plans*	This pronouncement modifies the disclosure requirements for defined benefit pension or other postretirement benefit plans. The guidance removes disclosures that are no longer considered cost beneficial, clarifies the specific requirements of disclosures and adds disclosure requirements identified as relevant. The modifications affect annual period disclosures and must be applied on a retrospective basis to all periods presented.	Annual periods ending after December 15, 2020. Early adoption is permitted.	We have held discussions with our third-party specialist and identified the disclosure requirements that will impact our Notes to Condensed Consolidated Financial Statements (unaudited). We will adopt this ASU on its effective date.
ASU 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*	This pronouncement simplifies the accounting for income taxes by eliminating certain exceptions to the general principles in ASC 740, income taxes. It also improves consistency of application for other areas of the guidance by clarifying and amending existing guidance.	Annual periods beginning after December 15, 2020 Early adoption is permitted.	We have evaluated the amendments of this pronouncement and determined it does not have an impact on the Condensed Consolidated Financial Statements (unaudited) and Notes to Condensed Consolidated Financial Statements (unaudited). We continue to monitor the guidance as it relates to new activity or transactions that could impact our Condensed Consolidated Financial Statements (unaudited) and Notes to Condensed Consolidated Financial Statements (unaudited). We expect to adopt this ASU on its effective date.
ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Statements*	This pronouncement provides temporary optional expedients and exceptions for applying GAAP principles to contract modifications and hedging relationships to ease the financial reporting burdens of the expected market transition from LIBOR and other interbank offered rates to alternative reference rates.	Upon issuance on March 12, 2020, and will apply though December 31, 2022.	We continue to evaluate the temporary expedients and options available under this guidance, and the effects of this pronouncement on our Condensed Consolidated Financial Statements (unaudited) and Notes to Condensed Consolidated Financial Statements (unaudited). We are currently identifying and evaluating contracts that may be impacted. As of September 30, 2020, we have not applied any expedients and options available under this ASU.

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ITEM 1. FINANCIAL STATEMENTS (continued)

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

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

Recently Adopted Accounting Pronouncements

<table>
<tr><th>Standard</th><th>Adoption</th></tr>
<tr><td>ASU 2019-04, Codification Improvements to Topic 326, Financial Instruments-Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments</td><td rowspan="2">In June 2016, the FASB issued ASU 2016-13, Measurement of Credit Losses on Financial Instruments (ASC 326). ASC 326 revised the GAAP guidance on the impairment of most financial assets and certain other instruments that are not measured at fair value through net income. ASC 326 introduces the current expected credit loss (CECL) model that is based on expected losses for instruments measured at amortized cost rather than incurred losses. It also requires entities to record an allowance for available-for-sale debt securities rather than impair the carrying amount of the securities. Subsequent improvements to the estimated credit losses of available-for-sale debt securities will be recognized immediately in earnings, instead of over-time as they would under historic guidance. In 2019, the FASB issued ASU 2019-04, Codification Improvements to Topic 326, Financial Instruments-Credit Losses, Topic 815, Derivative and Hedging, and Topic 825, Financial Instruments. This pronouncement clarified and improved certain areas of guidance related to the recently issued standards on credit losses, hedging, and recognition and measurement.

We adopted ASC 326 effective January 1, 2020, using a modified retrospective method. Adoption of this standard did not have material impact on our Condensed Consolidated Financial Statements (unaudited). No adjustments were made to the January 1, 2020 opening balances as a result of this adoption. As required under the modified retrospective method of adoption, results for the reporting periods beginning after January 1, 2020 are presented under ASC 326, while prior period amounts are not adjusted.

See Note 3, "Revenue Recognition," and Note 11, "Fair Value," for our discussion of the implementing these standards.</td></tr>
<tr><td>ASU 2016-13, Financial Instruments-Credit Losses (Topic 326)</td></tr>
</table>

3. Revenue Recognition

Revenue Disaggregation and Reconciliation. We disaggregate revenue from contracts with customers based upon reportable segment, as well as by customer class. As our revenues are primarily earned over a period of time and we do not earn a material amount of revenues at a point in time, revenues are not disaggregated as such below. The Gas Distribution Operations segment provides natural gas service and transportation for residential, commercial and industrial customers in Ohio, Pennsylvania, Virginia, Kentucky, Maryland, Indiana and Massachusetts. The sale of the Massachusetts Business was completed on October 9, 2020. Refer to Note 6, "Assets and Liabilities Held for Sale," for further details. The Electric Operations segment provides electric service in 20 counties in the northern part of Indiana.

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ITEM 1. FINANCIAL STATEMENTS (continued)

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

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

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

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

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ITEM 1. FINANCIAL STATEMENTS (continued)

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

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

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

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

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

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

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

Customer Accounts Receivable. Accounts receivable on our Condensed Consolidated Balance Sheets (unaudited) includes both billed and unbilled amounts, as well as certain amounts that are not related to customer revenues. Unbilled amounts of accounts receivable relate to a portion of a customer's consumption of gas or electricity from the date of the last cycle billing through the last day of the month (balance sheet date). Factors taken into consideration when estimating unbilled revenue include historical usage, customer rates and weather. The opening and closing balances of customer receivables for the nine months ended September 30, 2020 are presented in the table below. We had no significant contract assets or liabilities during the period. Additionally, we have not incurred any significant costs to obtain or fulfill contracts.

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ITEM 1. FINANCIAL STATEMENTS (continued)

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

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

Utility revenues are billed to customers monthly on a cycle basis. We generally expect that substantially all customer accounts receivable will be collected within the month following customer billing, as this revenue consists primarily of monthly, tariff-based billings for service and usage. We maintain common utility credit risk mitigation practices, including requiring deposits and actively pursuing collection of past due amounts. Our regulated operations also utilize certain regulatory mechanisms that facilitate recovery of bad debt costs within tariff-based rates, which provides further evidence of collectibility. In connection with COVID-19, certain state regulatory commissions instituted regulatory moratoriums that impacted our ability to pursue our standard credit risk mitigation practices. Following the issuance of these moratoriums, certain of our regulated operations have been authorized to recognize a regulatory asset for bad debt costs above levels currently in rates. While several of these moratoriums remain in place, we have reinstated our common credit mitigation practices where moratoriums have expired (see Note 9, "Regulatory Matters," for additional information on regulatory moratoriums and regulatory assets). It is probable that substantially all of the consideration to which we are entitled from customers will be collected upon satisfaction of performance obligations.

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

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

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ITEM 1. FINANCIAL STATEMENTS (continued)

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

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

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

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

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

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

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ITEM 1. FINANCIAL STATEMENTS (continued)

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

4. Earnings Per Share

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

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

5. Equity

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

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

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

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

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

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ITEM 1. FINANCIAL STATEMENTS (continued)

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

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

			Three Months Ended September 30,		Nine Months Ended September 30,		September 30,	December 31,
			2020	2019	2020	2019	2020	2019
(in millions except shares and per share amounts)	Liquidation Preference Per Share	Shares	Dividends Declared Per Share				Outstanding	
5.650% Series A	$ 1,000.00	400,000	28.25	28.25	56.50	56.50	$ 393.9	$ 393.9
6.500% Series B	$ 25,000.00	20,000	406.25	406.25	1,625.00	1,674.65	$ 486.1	$ 486.1

In addition, 20,000 shares of Series B–1 Preferred Stock, par value $0.01 per share, were outstanding as of September 30, 2020. Holders of Series B–1 Preferred Stock are not entitled to receive dividend payments and have no conversion rights. The Series B–1 Preferred Stock is paired with the Series B Preferred Stock and may not be transferred, redeemed or repurchased except in connection with the simultaneous transfer, redemption or repurchase of the underlying Series B Preferred Stock.

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

6. Assets and Liabilities Held For Sale

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

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

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

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

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ITEM 1. FINANCIAL STATEMENTS (continued)

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

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

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

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

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

(in millions)

Assets Held for Sale	Net Property, Plant and Equipment	Total Current Assets	Total Other Assets	Loss on Classification as Held for Sale[(1)]	Total Assets Held for Sale
Gas Distribution Operations	1,705.0	161.5	91.8	(392.6)	1,565.7
Liabilities Held for Sale		Long-term Debt, Excluding Amounts Due Within One Year	Total Current Liabilities	Total Other Liabilities	Total Liabilities Held for Sale
Gas Distribution Operations		41.6	60.1	350.1	451.8

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

7. Property, Plant and Equipment

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

8. Asset Retirement Obligations

During 2020, we made revisions to the estimated costs associated with refining the CCR compliance plan. The CCR rule requires the continued collection of data over time to determine the specific compliance solution. The change in estimated costs resulted in an increase to the asset retirement obligation liability of $70.3 million that was recorded in 2020. See Note 18-C, "Environmental Matters," for additional information on CCRs.

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9. Regulatory Matters

Cost Recovery and Trackers

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

Certain costs of our operating companies are significant, recurring in nature and generally outside the control of the operating companies. Some states allow the recovery of such costs through cost tracking mechanisms. Such tracking mechanisms allow for abbreviated regulatory proceedings in order for the operating companies to implement charges and recover appropriate costs. Tracking mechanisms allow for more timely recovery of such costs as compared with more traditional cost recovery mechanisms. Examples of such mechanisms include GCR adjustment mechanisms, tax riders, bad debt recovery mechanisms, electric energy efficiency programs, MISO non-fuel costs and revenues, resource capacity charges, federally mandated costs and environmental-related costs.

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

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

Infrastructure Replacement and Federally-Mandated Compliance Programs

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

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ITEM 1. FINANCIAL STATEMENTS (continued)

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

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

(in millions)

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

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

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ITEM 1. FINANCIAL STATEMENTS (continued)

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

Rate Case Actions

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

(in millions)

Company	Requested Incremental Revenue	Approved or Settled Incremental Revenue	Filed	Status	Rates Effective
NIPSCO - Electric[1]	$ 21.4	$ (53.5)	October 31, 2018	Approved December 4, 2019	January 2020
Columbia of Pennsylvania	$ 100.4	in process	April 24, 2020	Order Expected Q1 2021	January 2021
Columbia of Maryland[2]	$ 5.0	$ 2.0	May 15, 2020	Order Expected November 2020	December 2020

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

COVID-19 Regulatory Filings

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

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

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

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

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

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

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

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

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ITEM 1. FINANCIAL STATEMENTS (continued)

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

10. Risk Management Activities

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

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

(in millions)	**September 30, 2020**	December 31, 2019
Risk Management Assets - Current[(1)]		
Interest rate risk programs	**$ —**	$ —
Commodity price risk programs	**13.7**	0.6
Total	**$ 13.7**	$ 0.6
Risk Management Assets - Noncurrent[(2)]		
Interest rate risk programs	**$ —**	$ —
Commodity price risk programs	**6.7**	3.8
Total	**$ 6.7**	$ 3.8
Risk Management Liabilities - Current		
Interest rate risk programs	**$ 92.1**	$ —
Commodity price risk programs	**4.8**	12.6
Total	**$ 96.9**	$ 12.6
Risk Management Liabilities - Noncurrent		
Interest rate risk programs	**$ 123.3**	$ 76.2
Commodity price risk programs	**46.2**	57.8
Total	**$ 169.5**	$ 134.0

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

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

NIPSCO received IURC approval to lock in a fixed price for its natural gas customers using long-term forward purchase instruments. The term of these instruments may range from five to 10 years and is limited to 20% of NIPSCO's average annual GCA purchase volume. Gains and losses on these derivative contracts are deferred as regulatory liabilities or assets and are remitted to or collected from customers through NIPSCO's quarterly GCA mechanism. These instruments are not designated as accounting hedges.

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

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on the derivative will be recognized currently in "Other, net" in the Condensed Statements of Consolidated Income (Loss) (unaudited).

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

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

11. Fair Value

A. Fair Value Measurements

Recurring Fair Value Measurements

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

Recurring Fair Value Measurements September 30, 2020 *(in millions)*	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of September 30, 2020
Assets				
Risk management assets	$ —	$ 20.4	$ —	$ 20.4
Available-for-sale debt securities	—	161.8	—	161.8
Total	**$ —**	**$ 182.2**	**$ —**	**$ 182.2**
Liabilities				
Risk management liabilities	$ —	$ 266.4	$ —	$ 266.4
Total	**$ —**	**$ 266.4**	**$ —**	**$ 266.4**

Recurring Fair Value Measurements December 31, 2019 *(in millions)*	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of December 31, 2019
Assets				
Risk management assets	$ —	$ 4.4	$ —	$ 4.4
Available-for-sale debt securities	—	154.2	—	154.2
Total	**$ —**	**$ 158.6**	**$ —**	**$ 158.6**
Liabilities				
Risk management liabilities	$ —	$ 146.6	$ —	$ 146.6
Total	**$ —**	**$ 146.6**	**$ —**	**$ 146.6**

Risk Management Assets and Liabilities. Risk management assets and liabilities include interest rate swaps, exchange-traded NYMEX futures and NYMEX options and non-exchange-based forward purchase contracts. When utilized, exchange-traded derivative contracts are based on unadjusted quoted prices in active markets and are classified within Level 1. These financial assets and liabilities are secured with cash on deposit with the exchange; therefore, nonperformance risk has not been incorporated into these valuations. Certain non-exchange-traded derivatives are valued using broker or over-the-counter, on-line exchanges. In such cases, these non-exchange-traded derivatives are classified within Level 2. Non-exchange-based derivative instruments include swaps, forwards, and options. In certain instances, these instruments may utilize models to measure fair value. We use a similar model to value similar instruments. Valuation models utilize various inputs that include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, other observable inputs for the asset or liability and market-corroborated inputs, (i.e., inputs derived principally from or corroborated by observable market data by correlation or other means). Where observable inputs are available for substantially

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the full term of the asset or liability, the instrument is categorized within Level 2. Certain derivatives trade in less active markets with a lower availability of pricing information and models may be utilized in the valuation. When such inputs have a significant impact on the measurement of fair value, the instrument is categorized within Level 3. Credit risk is considered in the fair value calculation of derivative instruments that are not exchange-traded. Credit exposures are adjusted to reflect collateral agreements which reduce exposures. As of September 30, 2020 and December 31, 2019, there were no material transfers between fair value hierarchies. Additionally, there were no changes in the method or significant assumptions used to estimate the fair value of our financial instruments.

Credit risk is considered in the fair value calculation of each of our forward-starting interest rate swaps, as described in Note 10, "Risk Management Activities." As they are based on observable data and valuations of similar instruments, the hedges are categorized within Level 2 of the fair value hierarchy. There was no exchange of premium at the initial date of the swaps, and we can settle the contracts at any time.

NIPSCO has entered into long-term forward natural gas purchase instruments to lock in a fixed price for its natural gas customers. We value these contracts using a pricing model that incorporates market-based information when available, as these instruments trade less frequently and are classified within Level 2 of the fair value hierarchy. For additional information, see Note 10, “Risk Management Activities.”

Available-for-Sale Debt Securities. Available-for-sale debt securities are investments pledged as collateral for trust accounts related to our wholly-owned insurance company. We value U.S. Treasury, corporate debt and mortgage-backed securities using a matrix pricing model that incorporates market-based information. These securities trade less frequently and are classified within Level 2.

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

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ITEM 1. FINANCIAL STATEMENTS (continued)

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

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

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

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

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

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

The cost of maturities sold is based upon specific identification. At September 30, 2020, approximately $7.0 million of U.S. Treasury debt securities and approximately $5.8 million of Corporate/Other debt securities have maturities of less than a year.

There are no material items in the fair value reconciliation of Level 3 assets and liabilities measured at fair value on a recurring basis as of September 30, 2020 and December 31, 2019.

Non-recurring Fair Value Measurements

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

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

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

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

Long-term Debt. The fair value of outstanding long-term debt is estimated based on the quoted market prices for the same or similar securities. Certain premium costs associated with the early settlement of long-term debt are not taken into consideration in determining fair value. These fair value measurements are classified within Level 2 of the fair value hierarchy. As of September 30, 2020, there was no change in the method or significant assumptions used to estimate the fair value of long-term debt.

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ITEM 1. FINANCIAL STATEMENTS (continued)

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

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

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

12. Transfers of Financial Assets

Columbia of Ohio, NIPSCO and Columbia of Pennsylvania each maintain a receivables agreement whereby they transfer their customer accounts receivables to third-party financial institutions through wholly-owned and consolidated special purpose entities. The three agreements expire between May 2021 and October 2021 and may be further extended if mutually agreed to by the parties thereto.

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

Transfers of accounts receivable are accounted for as secured borrowings resulting in the recognition of short-term borrowings on the Condensed Consolidated Balance Sheets (unaudited). As of September 30, 2020, the maximum amount of debt that could be recognized related to our accounts receivable programs is $275.0 million.

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

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

For the nine months ended September 30, 2020 and 2019, $122.0 million and $139.1 million, respectively, was recorded as cash flows used for financing activities related to the change in short-term borrowings due to securitization transactions. Fees associated with the securitization transactions were $0.6 million and $0.6 million for the three months ended September 30, 2020 and 2019, respectively and $2.1 million and $2.0 million for the nine months ended September 30, 2020 and 2019, respectively. Columbia of Ohio, NIPSCO and Columbia of Pennsylvania remain responsible for collecting on the receivables securitized, and the receivables cannot be transferred to another party.

13. Goodwill

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

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

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

During the fourth quarter of 2019, in connection with the preparation of the year-end financial statements, we assessed the matters related to Columbia of Massachusetts (see Note 18-B, "Legal Proceedings") and determined a quantitative "step 1"

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impairment analysis was required for our Columbia of Massachusetts reporting unit. The December 31, 2019 impairment analysis indicated that the fair value of the Columbia of Massachusetts reporting unit was below its carrying value. As a result, we reduced the Columbia of Massachusetts reporting unit goodwill balance to zero and recognized a goodwill impairment charge totaling $204.8 million in 2019.

14. Income Taxes

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

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

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

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

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

15. Pension and Other Postretirement Benefits

We provide defined contribution plans and noncontributory defined benefit retirement plans that cover certain of our employees. Benefits under the defined benefit retirement plans reflect the employees' compensation, years of service and age at retirement. Additionally, we provide health care and life insurance benefits for certain retired employees. The majority of employees may become eligible for these benefits if they reach retirement age while working for us. The expected cost of such benefits is accrued during the employees' years of service. We determined that, for certain rate-regulated subsidiaries, the future recovery of postretirement benefit costs is probable, and we record regulatory assets and liabilities for amounts that would otherwise have been recorded to expense or accumulated other comprehensive loss. Current rates of rate-regulated companies include postretirement benefit costs, including amortization of the regulatory assets and liabilities that arose prior to inclusion of these costs in rates. For most plans, cash contributions are remitted to grantor trusts.

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

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ITEM 1. FINANCIAL STATEMENTS (continued)

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

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

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

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

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

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

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

The following table provides the key assumptions that were used to calculate the pension benefit obligation and the net periodic benefit cost for the plans that triggered settlement accounting:

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

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16. Long-Term Debt

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

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

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

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

17. Short-Term Borrowings

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

We maintain a revolving credit facility to fund ongoing working capital requirements, including the provision of liquidity support for our commercial paper program, provide for issuance of letters of credit and also for general corporate purposes. Our revolving credit facility has a program limit of $1.85 billion and is comprised of a syndicate of banks led by Barclays. We had no outstanding borrowings under this facility as of September 30, 2020 and December 31, 2019.

Our commercial paper program has a program limit of up to $1.5 billion with a dealer group comprised of Barclays, Citigroup, Credit Suisse and Wells Fargo. We had $307.0 million of commercial paper outstanding as of September 30, 2020 and $570.0 million of commercial paper outstanding as of December 31, 2019.

Transfers of accounts receivable are accounted for as secured borrowings resulting in the recognition of short-term borrowings on the Condensed Consolidated Balance Sheets (unaudited). We had $231.2 million in transfers as of September 30, 2020 and $353.2 million in transfers as of December 31, 2019. Refer to Note 12, "Transfers of Financial Assets," for additional information.

On April 1, 2020, we terminated and repaid in full our existing $850.0 million term loan agreement with a syndicate of banks led by MUFG Bank, Ltd. and entered into a new $850.0 million term loan agreement with a syndicate of banks led by KeyBank National Association. Any and all outstanding borrowings under the term loan agreement are due by March 31, 2021. Interest charged on borrowings depends on the variable rate structure we elect at the time of each borrowing. The available variable rate structures from which we may choose are defined in the term loan agreement. Under the agreement, we borrowed $850.0 million on April 1, 2020 with an interest rate of LIBOR plus 75 basis points. On October 14, 2020, we terminated and repaid in full our $850.0 million term loan agreement with proceeds from the sale of the Massachusetts Business.

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Short-term borrowings were as follows:

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

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

18. Other Commitments and Contingencies

A. Guarantees and Indemnities. We and certain of our subsidiaries enter into various agreements providing financial or performance assurance to third parties on behalf of certain subsidiaries as a part of normal business. Such agreements include guarantees and stand-by letters of credit. These agreements are entered into primarily to support or enhance the creditworthiness otherwise attributed to a subsidiary on a stand-alone basis, thereby facilitating the extension of sufficient credit to accomplish the subsidiaries' intended commercial purposes. As of September 30, 2020 and December 31, 2019, we had issued stand-by letters of credit of $10.2 million.

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

B. Legal Proceedings. On September 13, 2018, a series of fires and explosions occurred in Lawrence, Andover and North Andover, Massachusetts related to the delivery of natural gas by Columbia of Massachusetts (the "Greater Lawrence Incident"). The Greater Lawrence Incident resulted in one fatality and a number of injuries, damaged multiple homes and businesses, and caused the temporary evacuation of significant portions of each municipality. The Massachusetts Governor's Office declared a state of emergency, authorizing the Massachusetts DPU to order another utility company to coordinate the restoration of utility services in Lawrence, Andover and North Andover. The incident resulted in the interruption of gas for approximately 7,500 gas meters, the majority of which served residences and approximately 700 of which served businesses, and the interruption of other utility service more broadly in the area. Columbia of Massachusetts has replaced the cast iron and bare steel gas pipeline system in the affected area and restored service to nearly all of the gas meters. See "- D. Other Matters - Greater Lawrence Pipeline Replacement" below for more information. On September 1, 2020, the Massachusetts Governor terminated the state of emergency declared following the Greater Lawrence Incident.

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

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

Massachusetts Investigations. Under Massachusetts law, the Massachusetts DPU is authorized to investigate potential violations of pipeline safety regulations and to assess a civil penalty of up to $218,647 for a violation of federal pipeline safety regulations. A separate violation occurs for each day of violation up to $2.2 million for a related series of violations. The Massachusetts DPU also is authorized to investigate potential violations of the Columbia of Massachusetts emergency response plan and to assess penalties of up to $250,000 per violation per day, or up to $20.0 million per related series of violations. Further, as a result of the declaration of emergency by the Governor, the Massachusetts DPU is authorized to investigate potential violations of the Massachusetts DPU's operational directives during the restoration efforts and assess penalties of up to $1.0 million per violation. The Massachusetts DPU conducted investigations of Columbia of Massachusetts pursuant to these authorities and approved a Settlement Agreement resolving its investigations on October 7, 2020 (defined and further described below).

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

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

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

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

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

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

The Settling Parties also agreed that, upon the closing of the Transaction, (1) all pending actions, claims, investigations, lawsuits and proceedings against NiSource, Columbia of Massachusetts and their affiliates, and all of the respective directors, officers, employees, agents and representatives of NiSource and Columbia of Massachusetts and their affiliates (such entities and individuals, collectively referred to as the "Discharged Persons"), under the Massachusetts DPU's jurisdiction, shall be

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ITEM 1. FINANCIAL STATEMENTS (continued)

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

considered settled, resolved, and terminated; and (2) all future actions, claims, investigations, lawsuits and proceedings, whether known or unknown, against the Discharged Persons, in each case, relating to, arising out of, or in connection with the Greater Lawrence Incident (as defined in the Asset Purchase Agreement), under the jurisdiction of the Massachusetts DPU shall be considered settled, resolved, and terminated. This includes the Massachusetts DPU's investigations into pipeline safety and emergency response in DPU 19-140 and 19-141, respectively, as well as any other regulatory matters that could have been raised by the Massachusetts DPU relating to, arising out of, or in connection with the Greater Lawrence Incident.

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

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

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

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

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

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

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ITEM 1. FINANCIAL STATEMENTS (continued)

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

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

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

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

On July 26, 2019, the Company, Columbia of Massachusetts and NiSource Corporate Services Company, a subsidiary of the Company, entered into a term sheet with the class action plaintiffs under which they agreed to settle the class action claims in connection with the Greater Lawrence Incident. Columbia of Massachusetts agreed to pay $143 million into a settlement fund to compensate the settlement class and the settlement class agreed to release Columbia of Massachusetts and affiliates from all claims arising out of or related to the Greater Lawrence Incident. The following claims are not covered under the proposed settlement because they are not part of the consolidated class action: (1) physical bodily injury and wrongful death; (2) insurance subrogation, whether equitable, contractual or otherwise; and (3) claims arising out of appliances that are subject to the Massachusetts DPU orders. Emotional distress and similar claims are covered under the proposed settlement unless they are secondary to a physical bodily injury. The settlement class is defined under the term sheet as all persons and businesses in the three municipalities of Lawrence, Andover and North Andover, Massachusetts, subject to certain limited exceptions. The motion for preliminary approval and the settlement documents were filed on September 25, 2019. The preliminary approval court hearing was held on October 7, 2019 and the court issued an order granting preliminary approval of the settlement on October 11, 2019. The Court granted final approval of the settlement on March 12, 2020.

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

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of Massachusetts is seeking reimbursement from Columbia of Massachusetts for its expenses incurred in connection with the Greater Lawrence Incident. The outcomes and impacts of such private actions are uncertain at this time.

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

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

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

The aggregate amount of third-party liability insurance coverage available for losses arising from the Greater Lawrence Incident is $800 million. We have collected the entire $800 million. Total expenses related to the incident have exceeded the total amount of insurance coverage available under our policies. Refer to "- D. Other Matters - Greater Lawrence Incident Restoration," below for a summary of third-party claims-related expense activity and associated insurance recoveries recorded since the Greater Lawrence Incident.

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

Due to the inherent uncertainty of litigation, there can be no assurance that the outcome or resolution of any particular claim, proceeding or investigation related to the Greater Lawrence Incident or otherwise would not have a material adverse effect on our results of operations, financial position or liquidity. Certain matters in connection with the Greater Lawrence Incident have had or may have a material impact as described above. If one or more of such additional or other matters were decided against us, the effects could be material to our results of operations in the period in which we would be required to record or adjust the related liability and could also be material to our cash flows in the periods that we would be required to pay such liability.

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

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

As of September 30, 2020 and December 31, 2019, we had recorded a liability of $93.4 million and $104.4 million, respectively, to cover environmental remediation at various sites. The current portion of this liability is included in "Legal and environmental" in the Condensed Consolidated Balance Sheets (unaudited). The noncurrent portion is included in "Other noncurrent liabilities." We recognize costs associated with environmental remediation obligations when the incurrence of such costs is probable and the amounts can be reasonably estimated. The original estimates for remediation activities may differ materially from the amount ultimately expended. The actual future expenditures depend on many factors, including currently enacted laws and regulations, the nature and extent of impact and the method of remediation. These expenditures are not currently estimable at some sites. We periodically adjust our liability as information is collected and estimates become more refined.

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

Air
Future legislative and regulatory programs could significantly limit allowed GHG emissions or impose a cost or tax on GHG emissions. Additionally, rules that require further GHG reductions or impose additional requirements for natural gas facilities could impose additional costs. NiSource will carefully monitor all GHG reduction proposals and regulations.

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

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

MGP. A program has been instituted to identify and investigate former MGP sites where Gas Distribution Operations subsidiaries or predecessors may have liability. The program has identified 63 such sites where liability is probable as of September 30, 2020. After the sale of the Massachusetts Business, the retained number of identified sites is 54. Remedial actions at many of these sites are being overseen by state or federal environmental agencies through consent agreements or voluntary remediation agreements.

We utilize a probabilistic model to estimate our future remediation costs related to MGP sites. The model was prepared with the assistance of a third party and incorporates our experience and general industry experience with remediating MGP sites. We complete an annual refresh of the model in the second quarter of each fiscal year. No material changes to the estimated future remediation costs were noted as a result of the refresh completed as of June 30, 2020. Our total estimated liability related to the facilities subject to remediation was $88.3 million and $102.2 million at September 30, 2020 and December 31, 2019, respectively. The liability represents our best estimate of the probable cost to remediate the facilities. We believe that it is reasonably possible that remediation costs could vary by as much as $20 million in addition to the costs noted above. Remediation costs are estimated based on the best available information, applicable remediation standards at the balance sheet date and experience with similar facilities.

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

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To comply with the rule, NIPSCO completed capital expenditures to modify its infrastructure and manage CCRs during 2019. The CCR rule also resulted in revisions to previously recorded legal obligations associated with the retirement of certain NIPSCO facilities. The actual asset retirement costs related to the CCR rule may vary substantially from the estimates used to record the increased asset retirement obligation due to the uncertainty about the requirements that will be established by environmental authorities, compliance strategies that will be used, and the preliminary nature of available data used to estimate costs. As allowed by the rule, NIPSCO will continue to collect data over time to determine the specific compliance solutions and associated costs and, as a result, the actual costs may vary. NIPSCO has filed initial CCR closure plans for R.M. Schahfer Generating Station and Michigan City Generating Station with the Indiana Department of Environmental Management.

Water
ELG. On November 3, 2015, the EPA issued a final rule to amend the ELG and standards for the Steam Electric Power Generating category. Based upon a study performed in 2016 of the final rule, capital compliance costs were expected to be approximately $170 million. On October 13, 2020, the EPA published a final rule that revises the ELG for certain water streams and considers coal unit retirement dates. NIPSCO does not anticipate material ELG compliance costs based on the preferred option announced as part of NIPSCO's 2018 Integrated Resource Plan (discussed below).

D**. Other Matters.**

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

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

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

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

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

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

Also in January 2019, NIPSCO executed a BTA, referred to as the Rosewater BTA, with a developer to construct a renewable generation facility with a nameplate wind capacity of approximately 100 MW. Ownership of the facility will be transferred to a

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

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

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

In June 2020, NIPSCO executed three additional 20 year PPAs to purchase 100% of the output from renewable generation facilities at a fixed price per MWh. The facilities supplying the energy will have a combined nameplate solar capacity of approximately 500 MW and 30 MW storage capacity. NIPSCO's purchase requirement under the PPAs is dependent on satisfactory approval of the PPAs by the IURC. NIPSCO submitted two of the PPAs to the IURC for approval in July 2020. An IURC order is anticipated by the end of the fourth quarter of 2020. NIPSCO plans to submit the third PPA to the IURC for approval in the fourth quarter of 2020. If approved by the IURC, payments under the PPAs will not begin until the associated generation facilities are constructed by the owner / seller, which is expected to be complete by the second quarter of 2023.

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

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

Greater Lawrence Incident Restoration. In addition to the amounts estimated for third-party claims and fines, penalties and settlements associated with government investigations described above, since the Greater Lawrence Incident, we have recorded expenses of approximately $441 million for other incident-related costs. We estimate that total other incident-related costs will range from $445 million and $455 million, depending on the incurrence of costs associated with resolving outstanding third-party claims discussed above in " - B. Legal Proceedings." Such costs include certain consulting costs, legal costs, vendor costs, claims center costs, labor and related expenses incurred in connection with the incident, and insurance-related loss surcharges. The amounts set forth above do not include the capital cost of the pipeline replacement, which is set forth below.

As discussed in "- B. Legal Proceedings," the aggregate amount of third-party liability insurance coverage available for losses arising from the Greater Lawrence Incident is $800 million. We have collected the entire $800 million. Expenses related to the incident have exceeded the total amount of insurance coverage available under our policies.

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

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

Greater Lawrence Pipeline Replacement. In connection with the Greater Lawrence Incident, Columbia of Massachusetts, in cooperation with the Massachusetts Governor’s office, replaced the entire affected 45-mile cast iron and bare steel pipeline system that delivers gas to approximately 7,500 gas meters, the majority of which serve residences and approximately 700 of which serve businesses impacted in the Greater Lawrence Incident. This system was replaced with plastic distribution mains and service lines, as well as enhanced safety features such as pressure regulation and excess flow valves at each premise.

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

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

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

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

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

19. Accumulated Other Comprehensive Loss

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

Three Months Ended September 30, 2020 *(in millions)*	Gains and Losses on Securities[1]	Gains and Losses on Cash Flow Hedges[1]	Pension and OPEB Items[1]	Accumulated Other Comprehensive Loss[1]
Balance as of July 1, 2020	$ 3.6	$ (207.8)	$ (17.7)	$ (221.9)
Other comprehensive income before reclassifications	1.2	26.0	1.0	28.2
Amounts reclassified from accumulated other comprehensive income (loss)	0.2	—	(0.1)	0.1
Net current-period other comprehensive income	1.4	26.0	0.9	28.3
Balance as of September 30, 2020	**$ 5.0**	**$ (181.8)**	**$ (16.8)**	**$ (193.6)**

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

Nine Months Ended September 30, 2020 *(in millions)*	Gains and Losses on Securities[1]	Gains and Losses on Cash Flow Hedges[1]	Pension and OPEB Items[1]	Accumulated Other Comprehensive Loss[1]
Balance as of January 1, 2020	$ 3.3	$ (77.2)	$ (18.7)	$ (92.6)
Other comprehensive income (loss) before reclassifications	2.0	(104.6)	1.4	(101.2)
Amounts reclassified from accumulated other comprehensive income (loss)	(0.3)	—	0.5	0.2
Net current-period other comprehensive income (loss)	1.7	(104.6)	1.9	(101.0)
Balance as of September 30, 2020	**$ 5.0**	**$ (181.8)**	**$ (16.8)**	**$ (193.6)**

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

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ITEM 1. FINANCIAL STATEMENTS (continued)

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

Three Months Ended September 30, 2019 *(in millions)*	Gains and Losses on Securities[1]	Gains and Losses on Cash Flow Hedges[1]	Pension and OPEB Items[1]	Accumulated Other Comprehensive Loss[1]
Balance as of July 1, 2019	$ 2.5	$ (62.8)	$ (20.5)	$ (80.8)
Other comprehensive income (loss) before reclassifications	0.9	(50.7)	0.2	(49.6)
Amounts reclassified from accumulated other comprehensive income (loss)	(0.2)	0.1	0.2	0.1
Net current-period other comprehensive income (loss)	0.7	(50.6)	0.4	(49.5)
Balance as of September 30, 2019	$ 3.2	$ (113.4)	$ (20.1)	$ (130.3)

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

Nine Months Ended September 30, 2019 *(in millions)*	Gains and Losses on Securities[1]	Gains and Losses on Cash Flow Hedges[1]	Pension and OPEB Items[1]	Accumulated Other Comprehensive Loss[1]
Balance as of January 1, 2019	$ (2.4)	$ (13.0)	$ (21.8)	$ (37.2)
Other comprehensive income (loss) before reclassifications	5.9	(100.5)	0.7	(93.9)
Amounts reclassified from accumulated other comprehensive income (loss)	(0.3)	0.1	1.0	0.8
Net current-period other comprehensive income (loss)	5.6	(100.4)	1.7	(93.1)
Balance as of September 30, 2019	$ 3.2	$ (113.4)	$ (20.1)	$ (130.3)

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

20. Other, Net

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

21. Business Segment Information

At September 30, 2020, our operations are divided into two primary reportable segments. The Gas Distribution Operations segment provides natural gas service and transportation for residential, commercial and industrial customers in Ohio, Pennsylvania, Virginia, Kentucky, Maryland, Indiana and Massachusetts. The sale of the Massachusetts Business was completed on October 9, 2020. Refer to Note 6, "Assets and Liabilities Held for Sale," for further details. The Electric Operations segment provides electric service in 20 counties in the northern part of Indiana.

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ITEM 1. FINANCIAL STATEMENTS (continued)

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

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

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

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

NiSource Inc.

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EXECUTIVE SUMMARY

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

Management's Discussion is designed to provide an understanding of our operations and financial performance and should be read in conjunction with our Annual Report on Form 10-K for the fiscal year ended December 31, 2019.

We are an energy holding company under the Public Utility Holding Company Act of 2005 whose subsidiaries are fully regulated natural gas and electric utility companies serving customers in six states, following the sale of our Massachusetts Business, which closed on October 9, 2020. See "Columbia of Massachusetts Asset Sale" below for additional information. We generate substantially all of our operating income through these rate-regulated businesses, which are summarized for financial reporting purposes into two primary reportable segments: Gas Distribution Operations and Electric Operations.

Refer to the "Business" section of our Annual Report on Form 10-K for the fiscal year ended December 31, 2019 for further discussion of our regulated utility business segments.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Summary of Consolidated Financial Results

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

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

Our operations are affected by the cost of sales. Cost of sales (excluding depreciation and amortization) for the Gas Distribution Operations segment is principally comprised of the cost of natural gas used while providing transportation and distribution services to customers. Cost of sales (excluding depreciation and amortization) for the Electric Operations segment is comprised of the cost of coal, related handling costs, natural gas purchased for the internal generation of electricity at NIPSCO and the cost of power purchased from third-party generators of electricity. The majority of the cost of sales (excluding depreciation and amortization) are tracked costs that are passed through directly to the customer, resulting in an equal and offsetting amount reflected in operating revenues.

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

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

Operating Income

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

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

Other Deductions, net

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

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

Income Taxes

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

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

Refer to Note 14, "Income Taxes," in the Notes to Condensed Consolidated Financial Statements (unaudited) for information on income taxes and the change in the effective tax rate.

Capital Investment

For the nine months ended September 30, 2020, we invested $1,292.2 million in capital expenditures across our gas and electric utilities. These expenditures were primarily aimed at furthering the safety and reliability of our gas distribution system, system modernization projects and maintaining our existing electric generation fleet.

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We continue to execute on an estimated $40 billion in total projected long-term regulated utility infrastructure investments and expect to invest a total of approximately $1.7 to $1.8 billion in capital during 2020 as we continue to focus on growth, safety and modernization projects across our operating area.

Liquidity

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

Through income generated from operating activities, amounts available under our short-term revolving credit facility, commercial paper program, accounts receivable securitization facilities, long-term debt agreements, remaining cash proceeds received from the sale of the Massachusetts Business in October 2020, and our ability to access the capital markets, we expect to have adequate capital available to fund our operating activities, capital expenditures, and the effects of COVID-19 through 2020 and beyond. As of September 30, 2020 and December 31, 2019, we had $1,591.4 million and $1,409.1 million, respectively, of net liquidity available, consisting of cash and available capacity under credit facilities. These factors and other impacts to the financial results are discussed in more detail within the following discussions of "Results and Discussion of Segment Operations" and "Liquidity and Capital Resources."

RESULTS AND DISCUSSION OF SEGMENT OPERATIONS

Presentation of Segment Information

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

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

NiSource Inc.
Gas Distribution Operations

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

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

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

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NiSource Inc.
Gas Distribution Operations

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

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

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

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

Partially offset by:

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

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

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

Partially offset by:

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

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

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

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

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

Partially Offset by:

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

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NiSource Inc.
Gas Distribution Operations

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

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

Partially offset by:

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

Weather

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

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

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

Throughput

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

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

Economic Conditions

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

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

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

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

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NiSource Inc.
Electric Operations

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

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

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

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NiSource Inc.
Electric Operations

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

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

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

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

Partially offset by:

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

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

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

Partially offset by:

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

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

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

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

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

Partially offset by:

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

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

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NiSource Inc.
Electric Operations

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

Partially offset by:

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

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

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

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

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

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

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

Electric Supply
NIPSCO 2018 Integrated Resource Plan. Multiple factors, but primarily economic ones, including low natural gas prices, advancing cost effective renewable technology and increasing capital and operating costs associated with existing coal plants,

have led NIPSCO to conclude in its October 2018 Integrated Resource Plan submission that NIPSCO's current fleet of coal generation facilities will be retired earlier than previous Integrated Resource Plan's had indicated.

The Integrated Resource Plan evaluated demand-side and supply-side resource alternatives to reliably and cost effectively meet NIPSCO customers' future energy requirements over the ensuing 20 years. The preferred option within the Integrated Resource Plan retires the R.M. Schahfer Generating Station by the end of 2023 and the Michigan City Generating Station by the end of 2028. These stations represent 2,080 MW of generating capacity, equal to 72% of NIPSCO's remaining capacity and 100% of NIPSCO's remaining coal-fired generating capacity. In the second quarter of 2020, the MISO approved NIPSCO's plan to retire the R.M. Schahfer Generating Station in 2023. The planned replacement by the end of 2023 of approximately 1,400 MW of retiring coal-fired generation station could provide incremental capital investment opportunities of approximately $1.8 to $2.0 billion, primarily in 2022 and 2023. Refer to Note 7, "Property, Plant and Equipment" and Note 18-D, "Other Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for further information.

The current replacement plan includes lower-cost, reliable, cleaner energy resources to be obtained through a combination of NIPSCO ownership and PPAs. We expect to secure additional agreements with counterparties and initiate regulatory compliance filings into 2021. Refer to Note 18-D, "Other Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for additional information on the NIPSCO Integrated Resource Plan.

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Liquidity and Capital Resources

Greater Lawrence Incident: As discussed in the "Executive Summary" and Note 18, "Other Commitments and Contingencies," in the Notes to the Condensed Consolidated Financial Statements (unaudited), due to the inherent uncertainty of litigation, there can be no assurance that the outcome or resolution of any particular claim related to the Greater Lawrence Incident will not continue to have an adverse impact on our cash flows. Through income generated from operating activities, amounts available under the short-term revolving credit facility, and our ability to access capital markets, we believe we have adequate capital available to fund the estimated future incremental costs associated with the Greater Lawrence Incident. Previous costs in excess of insurance recoveries were primarily funded through short-term borrowings. The sale of the Massachusetts Business was completed on October 9, 2020. On October 14, 2020, we used a portion of the proceeds from the Massachusetts Business sale to pay down these short-term borrowings. For more information, see Note 6, "Assets and Liabilities Held for Sale," in the Notes to the Condensed Consolidated Financial Statements (unaudited).

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

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

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

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

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

Long-term Debt. Refer to Note 16, "Long-Term Debt," in the Notes to Condensed Consolidated Financial Statements (unaudited) for information on long-term debt activity.

Short-term Debt. Refer to Note 17, "Short-Term Borrowings," in the Notes to Condensed Consolidated Financial Statements (unaudited) for information on short-term debt activity.

Net Available Liquidity. As of September 30, 2020, an aggregate of $1,591.4 million of net liquidity was available, including cash and credit available under the revolving credit facility.

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

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

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

Debt Covenants. We are subject to financial covenants under our revolving credit facility and term loan agreement, which require us to maintain a debt to capitalization ratio that does not exceed 70%. As of September 30, 2020, the ratio was 66.2%.

Sale of Trade Accounts Receivables. Refer to Note 12, "Transfers of Financial Assets," in the Notes to Condensed Consolidated Financial Statements (unaudited) for information on the sale of trade accounts receivable.

Credit Ratings. The credit rating agencies periodically review our ratings, taking into account factors such as our capital structure and earnings profile. The following table includes our and certain of our subsidiaries' credit ratings and ratings outlook as of September 30, 2020. In February 2020, S&P changed the outlook of us and certain of our subsidiaries from Negative to Stable. There were no other changes to the below credit ratings or outlooks since December 31, 2019.

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

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

Certain of our subsidiaries have agreements that contain "ratings triggers" that require increased collateral if our credit rating or the credit ratings of certain of our subsidiaries are below investment grade. These agreements are primarily for insurance purposes and for the physical purchase or sale of power. As of September 30, 2020, the collateral requirement that would be required in the event of a downgrade below the ratings trigger levels would amount to approximately $74.6 million. In addition to agreements with ratings triggers, there are other agreements that contain "adequate assurance" or "material adverse change" provisions that could necessitate additional credit support such as letters of credit and cash collateral to transact business.

Equity. Our authorized capital stock consists of 620,000,000 shares, $0.01 par value, of which 600,000,000 are common stock and 20,000,000 are preferred stock. As of September 30, 2020, 383,114,130 shares of common stock and 440,000 shares of preferred stock were outstanding.

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

Guarantees and Indemnities. We and certain of our subsidiaries enter into various agreements providing financial or performance assurance to third parties on behalf of certain subsidiaries as a part of normal business. Refer to Note 18, "Other

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

Off Balance Sheet Arrangements

We, along with certain of our subsidiaries, enter into various agreements providing financial or performance assurance to third parties on behalf of certain subsidiaries. Such agreements include guarantees and stand-by letters of credit.

Refer to Note 18, "Other Commitments and Contingencies," in the Notes to Condensed Consolidated Financial Statements (unaudited) for additional information about such arrangements.

Market Risk Disclosures

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

Commodity Price Risk

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

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

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

Refer to Note 10, "Risk Management Activities," in the Notes to Condensed Consolidated Financial Statements (unaudited) for further information on our commodity price risk assets and liabilities as of September 30, 2020 or December 31, 2019.

Interest Rate Risk

We are exposed to interest rate risk as a result of changes in interest rates on borrowings under our revolving credit agreement, commercial paper program, accounts receivable programs and term loan, which have interest rates that are indexed to short-term market interest rates. Based upon average borrowings and debt obligations subject to fluctuations in short-term market interest rates, an increase (or decrease) in short-term interest rates of 100 basis points (1%) would have increased (or decreased) interest expense by $3.2 million and $10.9 million for the three and nine months ended September 30, 2020, and $4.7 million and $14.7 million for the three and nine months ended September 30, 2019, respectively. We are also exposed to interest rate risk as a result of changes in benchmark rates that can influence the interest rates of future debt issuances.

Refer to Note 10, "Risk Management Activities," in the Notes to Condensed Consolidated Financial Statements (unaudited) for further information on our interest rate risk assets and liabilities as of September 30, 2020 and December 31, 2019.

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

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

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

Other Information

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

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

Refer to Note 18, "Other Commitments and Contingencies," in the Notes to Condensed Consolidated Financial Statements (unaudited) for additional information about management judgment used in the development of estimates related to the Greater Lawrence Incident.

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

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

ITEM 4. CONTROLS AND PROCEDURES

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

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

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NiSource Inc.

PART II

ITEM 1. LEGAL PROCEEDINGS

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

ITEM 1A. RISK FACTORS

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

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

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

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ITEM 6. EXHIBITS

NiSource Inc.

(4.1)	Form of 0.950% Notes due 2025 (incorporated by reference to Exhibit 4.1 of the NiSource Inc. Form 8-K filed on August 18, 2020).
(4.2)	Form of 1.700% Notes due 2031 (incorporated by reference to Exhibit 4.2 of the NiSource Inc. Form 8-K filed on August 18, 2020).
(10.1)	Settlement Agreement, dated July 2, 2020, by and among Bay State Gas Company d/b/a Columbia Gas of Massachusetts, NiSource Inc., Eversource Gas Company of Massachusetts, Eversource Energy, the Massachusetts Attorney General's Office, the Massachusetts Department of Energy Resources and the Low-Income Weatherization and Fuel Assistance Program Network (incorporated by reference to Exhibit 10.1 of the NiSource Inc. Form 8-K filed on July 6, 2020).
(10.2)	Amendment to Settlement Agreement by and among Bay State Gas Company d/b/a Columbia Gas of Massachusetts, NiSource Inc., Eversource Gas Company of Massachusetts, Eversource Energy, the Massachusetts Attorney General's Office, the Massachusetts Department of Energy Resources and the Low-Income Weatherization and Fuel Assistance Program Network, dated September 29, 2020.*
(10.3)	Letter Agreement by and among NiSource Inc., Bay State Gas Company d/b/a Columbia Gas of Massachusetts and Eversource Energy Relating to Asset Purchase Agreement, dated October 9, 2020.* **
(10.4)	NiSource Inc. Supplemental Executive Retirement Plan, as amended and restated effective November 1, 2020.*
(10.5)	Pension Restoration Plan for NiSource Inc. and Affiliates, as amended and restated effective November 1, 2020.*
(10.6)	Savings Restoration Plan for NiSource Inc. and Affiliates, as amended and restated effective November 1, 2020.*
(10.7)	NiSource Inc. Executive Severance Policy, as amended and restated effective October 19, 2020.*
(10.8)	NiSource Next Voluntary Separation Program, effective as of August 5, 2020.*
(10.9)	Letter Agreement dated October 19, 2020 by and between NiSource Inc. and Carrie Hightman.*
(31.1)	Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
(31.2)	Certification of Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
(32.1)	Certification of Chief Executive Officer pursuant to 18. U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).*
(32.2)	Certification of Chief Financial Officer pursuant to 18. U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).*
(101.INS)	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
(101.SCH)	Inline XBRL Schema Document
(101.CAL)	Inline XBRL Calculation Linkbase Document
(101.LAB)	Inline XBRL Labels Linkbase Document
(101.PRE)	Inline XBRL Presentation Linkbase Document
(101.DEF)	Inline XBRL Definition Linkbase Document
(104)	Cover page Interactive Data File (formatted as inline XBRL, and contained in Exhibit 101.)
*	Exhibit filed herewith.
**	Schedules and exhibits have been omitted pursuant to Item 601(b)(2) of Regulation S-K. NiSource agrees to furnish supplementally a copy of any omitted schedules or exhibits to the SEC upon request.

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SIGNATURE

NiSource Inc.

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

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

Exhibit 10.2

COMMONWEALTH OF MASSACHUSETTS

DEPARTMENT OF PUBLIC UTILITIES

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

AMENDMENT TO

SETTLEMENT AGREEMENT

COMMONWEALTH OF MASSACHUSETTS

DEPARTMENT OF PUBLIC UTILITIES

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

Amendment to settlement agreement

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

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

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

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

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

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

NiSource Inc. **Eversource Energy**

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

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

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

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

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

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

/s/ Jerrold Oppenheim

Jerrold Oppenheim
57 Middle Street
Gloucester, MA 01930

Tel: 978-283-0897

Dated: September 29, 2020

EXHIBIT 10.3

LETTER AGREEMENT RELATING TO
ASSET PURCHASE AGREEMENT

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section 4. Miscellaneous.

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

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

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

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

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

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

* * * * *

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

NISOURCE INC.

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

BAY STATE GAS COMPANY

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

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

EVERSOURCE ENERGY

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

Exhibit 10.4

NISOURCE INC.

SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN

As Amended and Restated Effective November 1, 2020

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NISOURCE INC.

SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN

As Amended and Restated Effective November 1, 2020

Article I.

Background and Purpose

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

ii. Purpose. The purpose of the Plan is to provide selected key executives and employees with additional security in order to aid the Company (as defined herein and including its predecessors) in retaining its present management and, should circumstances require it, to aid the Company in attracting additions to management. The Company, by providing such additional benefits, expects such key executives and employees to be available for consulting assignments to the Company after retirement, at the Company's request.

It is intended that the Plan be exempt from the reporting and disclosure requirements of Title I of the Employee Retirement Income Security Act of 1974 because it is an unfunded plan maintained by an employer for the purpose of providing benefits for a select group of management or highly compensated employees.

Article II.

Definitions

For the purposes of the Plan, the following terms shall have the meanings indicated, unless the context clearly indicates otherwise. Except when otherwise required by the context, any masculine terminology in this document shall include the feminine, and any singular terminology shall include the plural. The headings of Articles and Sections are included solely for convenience, and if there is any conflict between such headings and the text of the Plan, the text shall control.

i. Affiliate. Any corporation that is a member of a controlled group of corporations (as defined in Code Section 414(b)) that includes the Company; any trade or business (whether or not incorporated) that is under common control (as defined in Code Section 414(c)) with the Company; any organization (whether or not incorporated) that is a member of an affiliated service group (as defined in Code Section 414(m)) that includes the Company; any leasing organization, to the extent that its employees are required to be treated as if they were employed by the Company pursuant to Code Section 414(n) and the regulations thereunder; and any other entity required to be aggregated with the Company pursuant to regulations under Code Section 414(o). An entity shall be an Affiliate only with respect to the existing period as described in the preceding sentence.

ii. Benefits Committee. The NiSource Benefits Committee.

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

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

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

vi. Compensation. As defined in the NiSource Pension Plan, but disregarding the definition of Taxable Compensation and the limitations required by Code Section 401(a)(17), or any successor Section. In addition, for purposes of the Plan, bonuses shall be considered in full as Compensation and not limited to 50% of base pay.

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

viii. Disability or Disabled. A Participant has a Disability or is Disabled if he or she has a condition that (a) causes a Participant, by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, to receive income replacement benefits for a period of not less than three months under an accident and health plan covering employees of the Company or an Affiliate or (b) causes a Participant to be eligible to receive Social Security disability payments.

ix. Early Retirement. Separation from Service for reasons other than death or Disability after the Participant has both attained age 55 and completed at least 10 years of Service, but before the Participant's Normal Retirement, except as otherwise provided.

x. Effective Date. November 1, 2020, the date on which the provisions of this amended and restated Plan become effective, except as otherwise provided herein. The original Effective Date of the Plan was December 23, 1982.

xi. Final Average Compensation. The result obtained by dividing the total Compensation paid to a Participant during a considered period by the number of months for which such Compensation was received. The considered period shall be the 60 consecutive calendar months within the last 120 months of service that produces the highest result.

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

xiii. Normal Retirement. Separation from Service for reasons other than death or Disability after a Participant has: (1) attained age 62; or (2) attained age 60 and completed at least 25 years of Service, except as otherwise provided.

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

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

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

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

xviii. Post-2004 Benefit. The portion of a Participant's Supplemental Retirement Pension or Supplemental Retirement Account, as applicable, equal to the present value, determined as of a Participant's date of separation from Service after December 31, 2004, of the excess of such benefit or account balance to which a Participant would be entitled under the Plan if he or she voluntarily separated from Service without cause after December 31, 2004 over his or her Pre-2005 Benefit and received a full payment of benefits from the Plan on the earliest possible date allowed under the Plan following the separation from Service, pursuant to Articles IV and V, calculated from and after January 1, 2005 to the date of separation from Service.

xix. Pre-2005 Benefit. The portion of a Participant's Supplemental Retirement Pension or Supplemental Retirement Account, as applicable, equal to the present value of the benefit or account balance, determined as of December 31, 2004, to which a Participant would be entitled under the Plan if he or she voluntarily separated from Service without cause on December 31, 2004 and received a full payment of benefits from the Plan on the earliest possible date allowed under the Plan following separation from Service, pursuant to Articles IV and V, calculated as of December 31, 2004.

xx. Primary Social Security Benefit. The monthly amount available to a Participant at age 65 (or at Retirement, if later) under the provisions of Title II of the Social Security Act in effect at the time of separation from Service, assuming the following:

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

(2) The Participant earned maximum taxable wages under Code Section 3121(a)(1) in all years prior to the year of Retirement. A Participant's Primary Social Security Benefit will be deducted in accordance with Article IV, even though he or she may not be receiving or may not be eligible to receive Social Security benefits.

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

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

xxiii.Service. A Participant's or employee's employment or service with the Company, as defined in the NiSource Pension Plan, or such other employment or service date as determined by the Board.

Article III.

Eligibility and Participation

The Compensation Committee shall select which key employees of the Company will be eligible to participate in the Plan. In accordance with Article I, it is intended that officers and certain other employees be eligible for participation.

After the Compensation Committee approves participation for an individual, the Company or the Benefits Committee shall provide the individual with a notice of participation in the Plan and a description of the Plan.

Article IV.

Supplemental Retirement Pension

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

ii.Supplemental Retirement Pension. Upon Normal Retirement, a Participant shall receive a monthly Supplemental Retirement Pension calculated on a single-life basis equal to the larger of (a) or (b) below, reduced in each case by the accrued benefit (stated in the form of a single-life pension and excluding any supplements related to eligibility for a Social Security benefit) the Participant is eligible to receive under (1) either the FAP Benefit or the AB I or AB II Benefit Option, as applicable, of the NiSource Pension Plan or other Qualified Pension Plan (as such terms are defined in the respective plan) and (2) the Pension Restoration Plan.

(1) The sum of:

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

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

(2) The sum of:

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

(b) 0.5% of the Participant's Final Average Compensation multiplied by the Participant's Service in excess of 20 years, to a maximum of 30 years;

(c) less 5% of the Participant's Primary Social Security Benefit, multiplied by the Participant's Service to a maximum of 20 years.

Upon Early Retirement, a Participant shall receive a monthly Supplemental Retirement Pension in a reduced amount (as described in Section 4.3 below).

iii. Reduction for Early Retirement. A Participant who experiences a separation from Service prior to Normal Retirement, but after Early Retirement, shall receive a monthly Supplemental Retirement Pension in an amount determined in accordance with Section 4.2 above, but reduced as follows: (1) by 6% for each of the first two (2) years and 4% for each of the next five years that commencement of the Participant's Supplemental Retirement Pension precedes the date that the Participant would attain age 62; or (2) if the Participant had completed 25 years of Service at the time of his or her separation, by 6% for the first year and 4% for each of the next four years that commencement of the Participant's Supplemental Retirement Pension precedes the date that the Participant would attain age 60, with a pro rata reduction for any fraction of a year.

Payment of the Participant's monthly reduced Supplemental Retirement Pension shall normally commence within 45 days following a separation from Service, or, if later, within such timeframe permitted under Code Section 409A, and guidance and regulations thereunder. Notwithstanding the preceding sentence, a Participant may elect to defer the commencement of the portion of his or her reduced Supplemental Retirement Pension that constitutes the Pre-2005 Benefit to any date between Early Retirement and attainment of age 62 by a written election delivered to the Plan Administrator on or before the last day of the calendar year preceding the calendar year of Early Retirement. A Participant may elect to defer the commencement of the portion of his or her reduced Supplemental Retirement Pension that constitutes the Post-2004 Benefit to any date between Early Retirement and attainment of age 62 by a written election delivered to the Plan Administrator only if such election (i) constitutes a delay in payment or change in the form of payment, (ii) does not take effect until at least 12 months after the date on which the election is made, (iii) defers the first payment with respect to which such new election is effective for a period of not less than five years from the date such payment would otherwise have been made, and (iv) is not made less than 12 months prior to the date of the first scheduled payment.

iv. Separation from Service Prior to Early Retirement. Upon separation from Service prior to Early Retirement, a Participant shall receive a monthly Supplemental Retirement Pension, calculated on a single-life basis equal to the excess, if any, of the single-life pension the Participant would be eligible to receive under either the FAP Benefit option or the Account Balance Option of the NiSource Pension Plan, or any other Qualified Pension Plan, if the limitations required by Code Sections 401(a)(17) and 415, or any other limitation imposed by the Code, the limitation on bonuses to 50% of base pay and the potential limitations relating to Taxable Compensation were not applied, reduced by the single-life pension the Participant is eligible to receive under (1) either such option of the NiSource Pension Plan, or any other Qualified Pension Plan and (2) the Pension Restoration Plan.

Payment of the Pre-2005 Benefit to a Participant or his or her beneficiary in accordance with this Section shall commence on the same date as the pension under the NiSource Pension Plan or any other Qualified Pension Plan. Payment of the Post-2004 Benefit to a Participant or his or her beneficiary in accordance with this Section, shall commence within 45 days after (i) the Participant attains (or would have attained) age 62, if the Participant has not completed at least 25 years of Service, or (ii) if the Participant has completed at least 25 years of Service, the Participant attains (or would have attained) age 60, or, if later, within such timeframe permitted under Code Section 409A, and guidance and regulations thereunder.

v. Supplemental Disability Pension. If a Participant becomes Disabled while in the active employment of the Company prior to age 65, the Participant shall be eligible for a monthly Supplemental Disability Pension commencing on the date the Disability begins and continuing to the first to occur of the Participant's death or attainment of age 65, calculated on a single-life basis, and equal to the larger of (a) or (b) below, reduced in each case by the basic benefit the Participant is eligible to receive under the long-term group disability insurance coverage provided under any long term disability plan maintained by the Company or any Affiliate.

(1) The sum of:

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

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

(2) The sum of:

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

(b) 0.5% of the Participant's Final Average Compensation multiplied by the Participant's Service in excess of 20 years, to a maximum of 30 years; less

(c) 5% of the Participant's Primary Social Security Benefit, multiplied by the Participant's Service to a maximum of 20 years.

After age 65, the Participant shall be eligible for a monthly Supplemental Retirement Pension in accordance with Section 4.2, based on Service the Participant would have had if the Participant had continued working for the Company or an Affiliate to age 65, the Participant's Final Average Compensation at the time he or she became Disabled, the Primary Social Security Benefit determined at the time the Participant became Disabled, and the single-life pension the Participant is entitled to receive at age 65 from the NiSource Pension Plan, or any other Qualified Pension Plan, and the Pension Restoration Plan, determined at the time he or she became Disabled.

vi. Supplemental Spouse Pension. Upon the death of a Participant in active employment or while receiving a Supplemental Disability Pension, his or her surviving spouse, if any, shall be eligible to receive a monthly Supplemental Spouse Pension equal to the greater of:

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

(2) the monthly amount that would have been payable to such surviving spouse if the Participant had elected payment of his or her monthly Supplemental Retirement Pension in the form of a reduced 50% joint and survivor Pension, with his or her spouse as the contingent annuitant, terminated employment (on the date of his or her actual death) and then died immediately prior to the commencement of payments.

The Supplemental Spouse Pension shall commence in the month next following the month of the Participant's death and continue for the life of such spouse. In the event that the Supplemental Spouse Pension calculated under option (a) of this Section will provide a greater benefit to the spouse immediately following the Participant's death, but option (b) of this Section will provide a greater monthly benefit as of the date the Participant would have attained age 55, the amount of monthly Supplemental Spouse Pension payable to the surviving spouse shall be: (1) calculated and payable under option (a) during the period immediately following the Participant's death; and (2) recalculated and payable according to option (b) beginning on the date the Participant would have attained age 55. Beginning on the earliest date that the surviving spouse could have begun receiving a benefit under the NiSource Pension Plan, or any other Qualified Pension Plan, the Supplemental Spouse Pension payable under this Section shall be reduced by the amount of benefit under the NiSource Pension Plan, or any other Qualified Pension Plan, and the Pension Restoration Plan that the spouse is (or would have been) entitled to receive.

vii. Retiree Death Benefit. Upon the death of a Participant who has reached Retirement (including a former Participant who reached Retirement and was paid his or her benefits under this Plan), a lump sum death benefit equal to 50% of his or her retiree group life insurance coverage shall be paid to such Participant's spouse or other beneficiaries designated with respect to such coverage. The benefit shall be paid in the month next following the month of the Participant's death.

viii. Cost of Living Adjustment. For Participants in the FAP Benefit of the NiSource Pension Plan, the benefits payable under Sections 4.2 through 4.7 shall be increased in the same percentage and at the same time as cost of living adjustments are made to the pensions of salaried employees of the Company or an Affiliate under the NiSource Pension Plan, or any other Qualified Pension Plan.

ix. Separate Agreement. Notwithstanding prior provisions pertaining to Compensation and Service, each Participant who first becomes eligible to participate in the Plan on and after January 1, 2004 and prior to January 23, 2004 shall have his or her Supplemental Retirement Pension determined based upon his or her Service and Compensation as set forth in a separate, written agreement, if any, between the Company and such Participant.

Article V.

Supplemental Retirement Account

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

ii. Supplemental Retirement Account. A Participant's Supplemental Retirement Account is a notional account equal to the sum of his or her Compensation Credits, Supplemental Credits, if any, and Interest Credits. Compensation Credits shall be credited to a Participant's Supplemental Retirement Account as of the last day of each Plan Year beginning on or after January 1, 2004 equal to five percent of the Participant's Compensation for such Plan Year. Supplemental Credits, if any, shall be credited pursuant to Section 5.3. Interest Credits shall be calculated in the same manner and shall be credited to a Participant's Supplemental Retirement Account at the same time as provided under the NiSource Pension Plan or any other Qualified Pension Plan.

iii. Supplemental Credits. The Compensation Committee, subject to approval of the Board, may authorize Supplemental Credits to a Participant's Supplemental Retirement Account in such amounts and at such times, and subject to such specific terms and provisions, as authorized by the Compensation Committee.

iv. Separation from Service. Upon separation from Service, for any reason other than death, with five or more years of Service, unless a shorter period is provided in a separate, written agreement between the Company and the Participant and approved by the Plan Administrator, a Participant shall receive the balance of his or her Supplemental Retirement Account distributed in accordance with Sections 6.1 and 6.2 within 45 days after such separation from Service, or, if later, within such timeframe permitted under Code Section 409A, and guidance and regulations thereunder.

v. Death. Upon the death of a Participant prior to final distribution of his or her Supplemental Retirement Account after completing five or more years of Service, unless a shorter period is provided in a separate, written agreement between the Company and the Participant and approved by the Board, the Participant's beneficiary, designated in such manner as provided by the Plan Administrator, shall receive the balance of the Participant's Supplemental Retirement Account distributed in accordance with Sections 6.1 and 6.2. Such payment shall be made or commence within 45 days after such death.

Article VI.

Distributions

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

(1) Form of Payment. Notwithstanding Sections 4.2, 4.3 and 4.4, a Participant shall receive distribution of his or her Pre-2005 Benefit, pursuant to Articles IV or V, in the same form as his or her distribution under the NiSource Pension Plan,

computed in the same manner as in the NiSource Pension Plan, or under any other Qualified Pension Plan, computed in the same manner as in such Qualified Pension Plan. Any election under the NiSource Pension Plan or any other Qualified Pension Plan shall apply to his or her Pre-2005 Benefit pursuant to the preceding sentence only if it is made by written instrument delivered to the Plan Administrator at least 30 days prior to the date of such distribution. If such election is not so made at least 30 days prior to the date of distribution of his or her Pre-2005 Benefit, the Participant's Pre-2005 Benefit shall be paid as a 50% joint and survivor Pension if such Participant is married, or as a single-life Pension if such Participant is unmarried. If a Participant who makes an election pursuant to this subsection 6.1(a) at least 30 days prior to the date of distribution dies prior to distribution pursuant to such election, such election shall be revoked and the provisions of Article IV and subsection 6.1(b) shall apply.

(2) Small Benefit Amounts. At the discretion of the Plan Administrator, the present value of any Pre-2005 Benefit payable under the Plan that does not exceed $5,000 may be paid to the Participant or his or her surviving spouse or other designated beneficiary in quarterly, semi-annual or annual installments, or in a single lump sum.

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

(1) Form of Payment. The Post-2004 Benefit shall be payable in a form available under the NiSource Pension Plan, computed in the same manner as in the NiSource Pension Plan, or under any other Qualified Pension Plan, computed in the same manner as in such Qualified Pension Plan, as elected by a Participant by written notice delivered to the Plan Administrator on or before December 31, 2005. Notwithstanding the preceding sentence, in the case of an employee who first becomes a Participant on or after January 1, 2005, the aforementioned election with respect to a Post-2004 Benefit shall be made by written notice delivered to the Plan Administrator within 30 days after the date the Participant first becomes eligible to participate in the Plan and such election shall be effective with respect to Compensation related to services to be performed subsequent to the election; provided, however, that a Participant shall not be considered first eligible if, on the date he or she becomes a Participant, he or she participates in any other nonqualified plan of the same category (account balance or nonaccount balance, as applicable), which is subject to Code Section 409A, maintained by the Company or any Affiliate. If payment in the form of an annuity is elected, the annuity type shall be elected by the Participant at the time he or she makes the election described in the first or second sentence of this paragraph from among those annuities available at that time under the NiSource Pension Plan or under any other Qualified Pension Plan. If a Participant fails to timely elect a form of distribution, the Participant's Post-2004 Benefit shall be payable in a lump sum.

If a Participant who makes an election pursuant to this subsection 6.2(a) dies prior to distribution pursuant to such election, such election shall be revoked and the provisions of Article IV and subsection 6.2(b) shall apply.

Any change in an election of a form of distribution available under the NiSource Pension Plan or any other Qualified Pension Plan shall apply to his or her Post-2004 Benefit pursuant to the preceding paragraph only if it is made by written instrument delivered to the Plan Administrator and if (i) such new election does not take effect until at least 12 months after the date on which the election is made, (ii) the first payment with respect to which such new election is effective is deferred for a period of not less than five (5) years from the date such payment would otherwise have been made, and (iii) such new election is not made less than 12 months prior to the date of the first scheduled payment; provided, however, that an election to change from one type of annuity payment to a different, actuarially equivalent, type of annuity payment shall not be considered a change to the method of payment for purposes of applying the restrictions in clauses (i), (ii) and (iii).

Notwithstanding the preceding paragraph of this Section 6.2(a), a Participant may change an election with respect to the form of payment of a Post-2004 Benefit, without regard to the restrictions imposed under the preceding paragraph, on or before December 31, 2006; provided that such election (i) applies only to amounts that would not otherwise be payable in calendar year 2006, and (ii) shall not cause an amount to be paid in calendar year 2006 that would not otherwise be payable in such year. Additionally, a Participant may change an election with respect to the form of payment of a Post-2004 Benefit, without regard to the restrictions imposed under the preceding paragraph, on or before December 31, 2007; provided that such election (i) applies only to amounts that would not otherwise be payable in calendar year 2007, and (ii) shall not cause an amount to be paid in calendar year 2007 that would not otherwise be paid in such year. Additionally, a Participant may change an election with respect to the form of payment of a Post-2004 Benefit, without regard to the restrictions imposed by the preceding paragraph, on or before December 31, 2008; provided that such election (i) applies only to amounts that would not otherwise be payable before January 1, 2009, and (ii) shall not cause an amount to be paid in calendar year 2007 or 2008 that would not otherwise be paid in such years.

(2) Specified Employees. Notwithstanding any other provision of the Plan, in no event can a payment of a Post-2004 Benefit, pursuant to Article IV or Section 5.4, to a Participant who is a Specified Employee of the Company or an Affiliate, at a time during which the Company's capital stock or capital stock of an Affiliate is publicly traded on an established securities market, in the calendar year of his or her separation from Service be made before the date that is six months after the date of the Participant's separation from Service with the Company and all Affiliates, unless such separation is due to his or her death.

A Participant shall be deemed to be a Specified Employee for purposes of this paragraph (b) if he or she is in job category C2 or above with respect to the Company or any Affiliate that employs him or her; provided that if at any time the total number of employees in job category C2 and above is less than 50, a Specified Employee shall include any person who meets the definition of Key Employee set forth in Code Section 416(i) without reference to paragraph (5). A Participant shall be deemed to be a Specified Employee with respect to a calendar year if he or she is a Specified Employee on September 30th of the preceding calendar year. If a Specified Employee will receive payments hereunder in the form of installments or an annuity, the first payment made as of the date six months after the date of the Participant's separation from Service with the Company and all Affiliates shall be a lump sum, paid as soon as practicable after the end of such six-month period, that includes all payments that would otherwise have been made during such six-month period. From and after the end of such six month period, any such installment or annuity payments shall be made pursuant to the terms of the applicable installment or annuity form of payment.

Article VII.

Change in Control

i.Change in Control. A "Change in Control" shall be deemed to take place on the occurrence of either a "Change in Ownership," "Change in Effective Control" or a "Change of Ownership of a Substantial Portion of Assets," as defined below:

(1) Change in Ownership. A Change in Ownership of the Company occurs on the date that any one person, or more than one Person Acting as a Group (as defined below), acquires ownership of stock of the Company that, together with stock held by such person or group, constitutes more than 50% of the total fair market value or total voting power of the stock of the Company. However, if any one person or more than one Person Acting as a Group, is considered to own more than 50% of the total fair market value or total voting power of the stock of the Company, the acquisition of additional stock by the same person or persons is not considered to cause a Change in Ownership of the Company, as applicable (or to cause a Change in Effective Control of the Company). An increase in the percentage of stock owned by any one person, or Persons Acting as a Group, as a result of a transaction in which the Company acquires its stock in exchange for property s be treated as an acquisition of stock. This paragraph (a) applies only when there is a transfer of stock of the Company (or issuance of stock of the Company) and stock in the Company remains outstanding after the transaction.

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

(a) Any one person, or more than one Person Acting as a Group, acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) ownership of stock of the Company possessing 35% or more of the total voting power of the stock of the Company; or

(b) a majority of members of the Board is replaced during any 12-month period by directors whose appointment or election is not endorsed by a majority of the members of the Board prior to the date of the appointment or election,

In the absence of an event described in paragraph (i) or (ii), a Change in Effective Control of the Company will not have occurred.

Acquisition of additional control. If any one person, or more than one Person Acting as a Group, is considered to effectively control the Company, the acquisition of additional control of the Company by the same person or persons is not considered to cause a Change in Effective Control of the Company (or to cause a Change in Ownership of the Company).

(3) Change of Ownership of a Substantial Portion of Assets. A Change of Ownership of a Substantial Portion of Assets occurs on the date that any one person, or more than one Person Acting as a Group, acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) assets from the Company that have a total gross fair market value equal to or more than 40% of the total gross fair market value of all of the assets of the Company immediately prior to such acquisition or acquisitions. For this purpose, gross fair market value means the value of the assets of the Company, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets.

Transfers to a related person. There is no Change in Control when there is a transfer to an entity that is controlled by the shareholders of the Company immediately after the transfer. A transfer of assets by the Company is not treated as a Change of Ownership of a Substantial Portion of Assets if the assets are transferred to —

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

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

(c) A person, or more than one Person Acting as a Group, that owns, directly or indirectly, 50% or more of the total value or voting power of all the outstanding stock of the Company; or

(d) An entity, at least 50% of the total value or voting power of which is owned, directly or indirectly, by a person described in paragraph (iii).

A person's status is determined immediately after the transfer of the assets. For example, a transfer to a corporation in which the Company has no ownership interest before the transaction, but which is a majority-owned subsidiary of the Company after the transaction is not treated as a Change of Ownership of a Substantial Portion of Assets of the Company.

(4) Persons Acting as a Group. Persons shall not be considered to be acting as a group solely because they purchase or own stock of the same corporation at the same time or as a result of the same public offering. However, persons shall be considered to be acting as a group if they are owners of a corporation that enters into a merger, consolidation, purchase or acquisition of stock, or similar business transaction with the Company. If a person, including an entity, owns stock in both corporations that enter into a merger, consolidation, purchase or acquisition of stock, or similar transaction, such shareholder is considered to be acting as a group with other shareholders in a corporation prior to the transaction giving rise to the change and not with respect to the ownership interest in the other corporation.

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

(1) The delivery to the Company by any "person," as defined in Section 13(d)(3) of The Securities Exchange Act of 1934 (the "Act"), of a statement containing the information required by Schedule 13-D under the Act, or any amendment to any such statement, that shows that such person has acquired, directly or indirectly, the beneficial ownership of (1) more than twenty percent (20%) of any class of equity security of the Company entitled to vote as a class in the election or removal from office of directors, or (2) more than twenty percent (20%) of the voting power of any group of classes of equity securities of the Company entitled to vote as a single class in the election or removal from office of directors.

(2) The Company becomes aware that preliminary or definitive copies of a proxy statement and information statement or other information have been filed with the Securities and Exchange Commission pursuant to Rule 14a-6, Rule 14c-5 or Rule 14f-1 under the Act relating to a proposed change in control of the Company.

(3) The delivery to the Company pursuant to Rule 14d-3 under the Act of a Tender Offer Statement relating to equity securities of the Company.

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

iii. Additional Service and Compensation Upon Change in Control. With respect to a Participant who, pursuant to contract with the Company, is entitled to compensation from the Company for an additional 36 months in the event that after a Change in Control the Participant's employment is terminated by the Company or an Affiliate under circumstances described in the contract, such Participant's years of Service under Article II, and Supplemental Retirement Pension under Section 4.2 or Supplemental Retirement Account under Section 5.2, as applicable, shall be calculated as if the Participant had continued in employment with the Company for an additional 36 months at the rate of Compensation in effect immediately prior to his or her employment termination; provided that, in no event shall the counting of a Participant's Compensation during this 36-month period reduce his or her Final Average Compensation figure below its highest level prior to the Participant's separation from Service.

iv. Waiver of Service and Age Requirements Upon Change in Control. A Participant who separates from service within 24 months following a Change in Control for any reason other than a termination by the Company for Good Cause, but prior to Early Retirement, shall be eligible for the Supplemental Retirement Pension specified in Section 4.2, rather than the Supplemental Retirement Pension specified in Section 4.4, commencing at Normal Retirement. Notwithstanding the previous sentence, such a Participant may elect to begin receiving the portion of his or her Supplemental Retirement Pension that constitutes his or her Pre-2005 Benefit pursuant to this Section 7.4 at any time after attaining age 55 years, subject to the reduction specified in Section 4.3. Such election shall have no effect on the distribution of his or her Post-2004 Benefit at his or her Normal Retirement Date.

v. Funding of Plan Benefits Upon Potential Change in Control. Upon a Potential Change in Control, the Plan Administrator shall identify the amount by which the present value of all benefits earned to date under the Plan (after offsets) exceeds the then fair market value of the applicable Trust assets, calculated using the Pension Benefit Guaranty Corporation immediate annuity interest rate as of the date of the Potential Change in Control, the 1983 GAM mortality tables, and the most valuable optional payment form (the "Full Funding Amount"), and the Company shall contribute such Full Funding Amount to the Trust. Each Participant's benefits for purposes of calculating present value shall be the highest benefit the Participant would have under the Plan within the six months following a Potential Change in Control, assuming that the Participant's employment continues for six months at the same rate of Compensation, and that the Participant receives any benefit enhancement provided by the Plan, or any other agreement, upon a Change in Control.

vi. Plan Administration and Amendment Upon a Change in Control. Upon and after a Change in Control, the Company no longer shall have the power to appoint or remove members of the Benefits Committee or Compensation Committee, nor the power to approve legal counsel or actuaries employed by such committees. Upon and after a Change in Control, only the respective committee members shall have the power to appoint or remove members. If, at any time after a Change in Control, all members of the Benefits Committee or Compensation Committee have been removed or resigned, then all of the powers, rights and duties vested in such committee by Article IX below shall be vested in the trustee of the Trust.

vii. Plan Administrator Discretion to Pay Lump Sum After a Change in Control. Upon and after a Change in Control, the Plan Administrator may, in its sole discretion, distribute, or cause the trustee under the Trust to distribute, to a Participant or a surviving spouse, the present value (determined in accordance with the assumptions in Section 12.11) of the Participant's Pre-2005 Benefit, or the portion of Supplemental Disability Pension or the surviving spouse's Supplemental Spouse Pension attributable to his or her Pre-2005 Benefit, payable under the Plan in a lump sum payment. The Plan Administrator shall distribute, or cause the trustee under the Trust to distribute, the present value of the Participant's Post-2004 Benefit.

viii. Lump Sum Election. Each calendar year, a Participant shall have the right to elect to receive the present value (determined in accordance with the assumptions in Section 12.11) of the portion of the Participant's Supplemental Retirement Pension, the balance of the Participant's Supplemental Retirement Account, or the Participant's Supplemental Disability Pension that constitutes the Participant's Pre-2005 Benefit, in a lump sum if:

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

(2) (1) within 24 months following the Change in Control any one of the payment triggering conditions set forth in the Change in Control and Termination Agreement between the Company and the Participant shall have occurred; or

(a) if no Change in Control and Termination Agreement is in effect between the Company and the Participant on the date of the Change in Control and within 24 months following the Change in Control the employment of the Participant with the Company is terminated by the Company for any reason other than Good Cause or the Participant terminates his or her employment with the Company for Good Reason.

Such election shall be irrevocable for the calendar year to which it applies. A distribution pursuant to this Section shall be made as soon as practicable following the Participant's separation from Service. Notwithstanding the preceding provisions of this Section, a Participant had the right to make the election set forth in this Section at any time during the first three (3) months of calendar year 2003 with respect to a Change in Control that occurred during the last nine (9) months of calendar year 2003. Any such election was irrevocable for calendar year 2003 and was subject to the other provisions of this Section.

ix. Definitions.

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

(a) the Participant engages in acts or omissions constituting dishonesty, intentional breach of fiduciary obligation or intentional wrongdoing or malfeasance, in each case that results in substantial harm to the Company; or

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

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

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

(b) there is a significant reduction in the Participant's monthly rate of base salary, his or her opportunity to earn a bonus under an incentive bonus compensation plan maintained by the Company or his or her benefits; or

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

Article VIII.

Beneficiary Designation

i. Beneficiary Designation. Each Participant shall have the right, at any time, to designate one or more persons or an entity as Beneficiary (both primary as well as secondary) to whom benefits under the Plan shall be paid in the event of the Participant's death prior to complete distribution of the Participant's interest under the Plan. Each Beneficiary designation shall be in a written form prescribed by the Benefits Committee and shall be effective only when filed with the Benefits Committee during the Participant's lifetime.

If the Participant designates multiple beneficiaries, he or she shall designate the percentage, in whole numbers, allocated to each such beneficiary.

ii. Changing Beneficiary. Any Beneficiary designation may be changed by a Participant without the consent of the previously named Beneficiary by the filing of a new designation with the Benefits Committee. The filing of a new designation shall cancel all designations previously filed.

iii. No Beneficiary Designation. If any Participant fails to designate a beneficiary in the manner provided above, if the designation is void or if the beneficiary designated by a deceased Participant dies before the Participant or before complete distribution of the Participant's benefits, the Participant's beneficiary shall be the person in the first of the following classes in which there is a survivor:

(1) The Participant's spouse;

(2) The Participant's children in equal shares, except that if any of the children predeceases the Participant but leaves issue surviving, then such issue shall take, by right of representation, the share the parent would have taken if living;

(3) The Participant's estate.

Article IX.

Plan Administration

i. Allocation of Duties to Committees. The Plan shall be administered by the Benefits Committee, as delegated by the Compensation Committee. The Benefits Committee shall have the authority to make, amend, interpret, and enforce all appropriate rules and regulations for the administration of the Plan and decide or resolve any and all questions, including interpretations of the Plan, as may arise in such administration, except as otherwise reserved to the Compensation Committee herein, or by resolution or charter of the respective committees. Members of the Benefits Committee may be Participants under the Plan.

In its discretion, the Plan Administrator may delegate to any division or department of the Company the discretionary authority to make decisions regarding Plan administration, within limits and guidelines from time to time established by the Plan Administrator. The delegated discretionary authority shall be exercised by such division or department's senior officer, or his/her delegate. Within the scope of the delegated discretionary authority, such officer or person shall act in the place of the Plan Administrator and his/her decisions shall be treated as decisions of the Plan Administrator.

ii. Agents. The Plan Administrator may, from time to time, employ agents and delegate to them such administrative duties as it sees fit, and may from time to time consult with counsel who may be counsel to the Company.

iii. Information Required by Plan Administrator. The Company shall furnish the Plan Administrator with such data and information as the Plan Administrator may deem necessary or desirable in order to administer the Plan. The records of the Company as to an employee's or Participant's period or periods of employment, separation from Service and the reason therefore, reemployment and Compensation will be conclusive on all persons unless determined to the Plan Administrator's satisfaction to be incorrect. Participants and other persons entitled to benefits under the Plan also shall furnish the Plan Administrator with such evidence, data or information as the Plan Administrator considers necessary or desirable to administer the Plan.

iv. Binding Effect of Decisions. Subject to applicable law, and the provisions of Article X, any interpretation of the provisions of the Plan and any decision on any matter within the discretion of the Benefits Committee and/or the Compensation Committee (or any duly authorized delegate of either such committee) and made in good faith shall be binding on all persons.

Article X.

Claims Procedure

i. Claim. Claims for benefits under the Plan shall be made in writing to the Plan Administrator. The Plan Administrator shall establish rules and procedures to be followed by Participants and Beneficiaries in filing claims for benefits, and for furnishing and verifying proof necessary to establish the right to benefits in accordance with the Plan, consistent with the remainder of this Article.

ii.Review of Claim. The Plan Administrator shall review all claims for benefits. Upon receipt by the Plan Administrator of such a claim, it shall determine all facts that are necessary to establish the right of the claimant to benefits under the provisions of the Plan and the amount thereof as herein provided within 90 days of receipt of such claim. If prior to the expiration of the initial 90 day period, the Plan Administrator determines additional time is needed to come to a determination on the claim, the Plan Administrator shall provide written notice to the Participant, Beneficiary or other claimant of the need for the extension, not to exceed a total of 180 days from the date the application was received. If the Plan Administrator fails to notify the claimant in writing of the denial of the claim within 90 days after the Plan Administrator receives it, the claim shall be deemed denied.

iii.Notice of Denial of Claim. If the Plan Administrator wholly or partially denies a claim for benefits, the Plan Administrator shall, within a reasonable period of time, but no later than 90 days after receiving the claim (unless extended as provided above), notify the claimant in writing of the denial of the claim. Such notification shall be written in a manner reasonably expected to be understood by such claimant and shall in all respects comply with the requirements of ERISA, including but not limited to inclusion of the following:

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

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

(3) a description of any additional material or information necessary for the claimant to perfect the claim, together with an explanation of why such material or information is necessary; and

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

iv.Reconsideration of Denied Claim. Within 60 days of the receipt by the claimant of the written notice of denial of the claim, or within 60 days after the claim is deemed denied as set forth above, if applicable, the claimant or duly authorized representative may file a written request with the Benefits Committee that it conduct a full and fair review of the denial of the claimant's claim for benefits. If the claimant or duly authorized representative fails to request such a reconsideration within such 60 day period, it shall be conclusively determined for all purposes of the Plan that the denial of such claim by the Benefits Committee is correct. In connection with the claimant's appeal of the denial of his or her benefit, the claimant may review documents relevant to the benefit claim and may submit issues and comments in writing.

The Benefits Committee shall render a decision on the claim appeal promptly, but not later than 60 days after receiving the claimant's request for review, unless, in the discretion of the Benefits Committee, special circumstances require an extension of time for processing, in which case the 60-day period may be extended to 120 days. The Benefits Committee shall notify the claimant in writing of any such extension. The notice of decision shall be in writing and shall include specific reasons for the decision, written in a manner calculated to be understood by the claimant, as well as specific references to the pertinent Plan provisions on which the decision is based. If the decision on review is not furnished within the time period set forth above, the claim shall be deemed denied on review.

If such determination is favorable to the claimant, it shall be binding and conclusive. If such determination is adverse to such claimant, it shall be binding and conclusive unless the claimant or his duly authorized representative notifies the Benefits Committee within 90 days after the mailing or delivery to the claimant by the Benefits Committee of its determination that claimant intends to institute legal proceedings challenging the determination of the Benefits Committee and actually institutes such legal proceedings within 180 days after such mailing or delivery.

Article XI.

Plan Amendment and Termination

i.Plan Amendment. The Compensation Committee or the Board shall have the authority to amend the Plan. The Compensation Committee or the Board shall have the exclusive authority to amend the Plan regarding eligibility for the Plan, the amount or level of benefits awarded under the Plan, and the time and form of payments for benefits from the Plan. In addition, the Compensation Committee or the Board shall also have the exclusive authority to make amendments that constitute a material increase in compensation, any change requiring action or consent by a committee of the Board pursuant to the rules of the Securities and Exchange Commission, the New York Stock Exchange or other applicable law, or such other material changes to the Plan such that approval of the Board is required. Unless otherwise determined by the Compensation Committee, the Benefits Committee shall have the authority to amend the Plan in all respects that are not exclusively reserved to the Compensation Committee or the Board.

The respective committee may at any time amend the Plan by written instrument, notice of which is given to all Participants, and to Beneficiaries receiving installment payments. Notwithstanding the preceding sentence, no amendment shall reduce the amount accrued in any Account prior to the date such notice of the amendment is given.

ii.Plan Termination. The Compensation Committee or the Company may terminate the Plan at any time, except that any benefits that are payable due to a Retirement, death, Disability, or other separation from Service occurring prior to the amendment or termination shall not be reduced or discontinued. No amendment or termination of the Plan shall directly or indirectly deprive any current or former Participant (or surviving spouse) of all or any portion of any Supplemental Retirement Benefit, Supplemental Disability Pension, Supplemental Spouse Pension, or Supplemental Retirement Account, the payment of which has commenced prior to the effective date of such amendment or termination, or which would be payable if the Participant experienced a separation from Service for any reason on such effective date.

Article XII.

Miscellaneous

i. Plan Financing. Except as set forth below in this Section and in Section 7.5, benefits under the Plan shall be paid from the general assets of the Company. To the extent any Participant or surviving spouse or other designated beneficiary acquires a right to receive payments hereunder, such right shall be no greater than the right of any other unsecured creditor of the Company. Notwithstanding the foregoing, the Company has entered into a trust agreement ("Trust Agreement") whereby the Company agrees to contribute to a trust ("Trust") for the purpose of accumulating assets to assist the Company in fulfilling its obligations to Participants and surviving spouses or other designated beneficiaries hereunder. Such Trust includes the provision that all assets of the Trust shall be subject to the creditors of the Company in the event of its insolvency.

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

(1) A Participant, while employed by the Company or within a period of three years after the Participant's separation from Service for any reason, including Retirement (the "Restrictive Period"), engages in activity or employment that directly or indirectly competes with the business of the Company or its Affiliates, including, but not by way of limitation, by directly or indirectly owning, managing, operating, controlling, financing, or by directly or indirectly serving as an employee, officer or director of or consultant to, or by soliciting or inducing, or attempting to solicit or induce, any employee or agent of the Company or its Affiliates to terminate employment with the Company or its Affiliates, and become employed by, any person, firm, partnership, corporation, trust or other entity that provides commodities, products or services to customers of the Company or its Affiliates of the same type as commodities, products or services provided by the Company or its Affiliates (the "Restrictive Covenant"). The foregoing Restrictive Covenant shall not prohibit a Participant from owning directly or indirectly capital stock or similar securities which are listed on a securities exchange or quoted on the National Association of Securities Dealers Automated Quotation System which do not represent more than 1% of the outstanding capital stock of any such entity; or

(2) A Participant performs any action or makes any statement that is detrimental to the Company or its Affiliates, unless such action or statement is retracted to the Company's satisfaction after the Participant is notified regarding such action or statement.

iii. Nonguarantee of Employment. Participation in the Plan does not limit the right of the Company or an Affiliate to discharge any individual with or without cause.

iv. Nonalienation of Benefits. Neither a Participant nor any other person shall have any right to commute, sell, assign, transfer, pledge, anticipate, mortgage, or otherwise encumber, transfer, hypothecate, or convey in advance of actual receipt the amounts, if any, payable hereunder, or any part thereof or rights to, which are expressly declared to be unassignable and nontransferable. No part of the amounts payable shall, prior to actual payment, be subject to seizure or sequestration for the payment of any debts, judgments, alimony, or separate maintenance owed by a Participant or any other person, nor be transferable by operation of law in the event of a Participant's or any other person's bankruptcy or insolvency.

Notwithstanding the preceding paragraph, the benefit of any Participant shall be subject to and payable in the amount determined in accordance with any qualified domestic relations order, as that term is defined in Section 206(d)(3) of ERISA. The Plan Administrator shall provide for payment in a lump sum from a Participant's benefit to an alternate payee (as defined in Code Section 414(p)(8)) as soon as administratively practicable following receipt of such order. Any federal, state or local income tax associated with such payment shall be the responsibility of the alternate payee. The balance of a benefit that is subject to any qualified domestic relations order shall be reduced by the amount of any payment made pursuant to such order.

v. Indemnification.

(1) Limitation of Liability. Notwithstanding any other provision of the Plan or the Trust, none of the Company, any member of the Benefits Committee or Compensation Committee, nor an individual acting as an employee or agent of any of them, shall be liable to any Participant or former Participant, or any surviving spouse or other designated beneficiary of any Participant or former Participant, for any claim, loss, liability or expense incurred in connection with the Plan or the Trust, except when the same shall have been judicially determined to be due to the willful misconduct of such person.

(2) Indemnity. The Company shall indemnify and hold harmless each member of the Benefits Committee and the Compensation Committee, or any employee of the Company or any individual acting as an employee or agent of either of them (to the extent not indemnified or saved harmless under any liability insurance or any other indemnification arrangement with respect to the Plan or the Trust) from any and all claims, losses, liabilities, costs and expenses (including attorneys' fees) arising out of any actual or alleged act or failure to act made in good faith pursuant to the provisions of the Plan, including expenses reasonably incurred in the defense of any claim relating thereto with respect to the administration of the Plan or the Trust, except that no indemnification or defense shall be provided to any person with respect to any conduct that has been judicially determined, or agreed by the parties, to have constituted willful misconduct on the part of such person, or to have resulted in his or her receipt of personal profit or advantage to which he or she is not entitled. In connection with the indemnification provided by the preceding sentence, expenses incurred in defending a civil or criminal action, suit or proceeding, or incurred in connection with a civil or criminal investigation, may be paid by the Company in advance of the final disposition of such action, suit, proceeding, or investigation, as authorized by the Plan

Administrator in the specific case, upon receipt of an undertaking by or on behalf of the party to be indemnified to repay such amount unless it shall ultimately be determined that the person is entitled to be indemnified by the Company pursuant to this paragraph.

vi. Severability. Each of the Sections contained in the Plan, and each provision in each Section, shall be enforceable independently of every other Section or provision in the Plan, and the invalidity or unenforceability of any Section or provision shall not invalidate or render unenforceable any other Section or provision contained herein. If any Section or provision in a Section is found invalid or unenforceable, it is the intent of the parties that a court of competent jurisdiction shall reform the Section or provision to produce its nearest enforceable economic equivalent.

vii. Action by Company. Any action required of, or permitted by, the Company under the Plan shall be by resolution of the respective committee identified herein, or by a person or persons authorized by resolution of the such committee.

viii. Protective Provisions. A Participant shall cooperate with the Company by furnishing any and all information requested by the Company and its Affiliates in order to facilitate the payment of benefits hereunder, and by taking such physical examinations as the Company and its Affiliates may deem necessary and taking such other action as may be requested by the Company and its Affiliates.

ix. Governing Law. The provisions of the Plan shall be construed and interpreted according to the laws of the State of Indiana, except as preempted by federal law.

x. Notice. Any notice required or permitted under the Plan shall be sufficient if in writing and hand delivered or sent by registered or certified mail. Such notice shall be deemed as given as of the date of delivery or, if delivery is made by mail, as of the date shown on the postmark on the receipt for registration or certification. Mailed notice to the Plan Administrator shall be directed to the Company's address. Mailed notice to a Participant, a surviving spouse or other designated beneficiary shall be directed to the individual's last known address in the Company's records.

xi. Successors. The provisions of the Plan shall bind and inure to the benefit of the Company, its Affiliates and their successors and assigns. The term successors as used herein shall include any corporate or other business entity that shall, whether by merger, consolidation, purchase, or otherwise, acquire all or substantially all of the business and assets of the Company, and successors of any such corporation or other business entity.

xii. Actuarial Assumptions. Unless otherwise provided in the Plan, all actuarial adjustments necessary to determine the amount, form or timing of any distribution shall be based on the same actuarial assumptions used for the pension a Participant is eligible to receive under the NiSource Pension Plan.

xiii. Tax Savings.

(1) Notwithstanding anything to the contrary contained in the Plan, (1) in the event that the Internal Revenue Service prevails in its claim that benefits under the Plan constitute taxable income to a Participant, his or her spouse or other designated beneficiary, for any taxable year, prior to the taxable year in which such benefits are distributed to him or her, or (2) in the event that legal counsel satisfactory to the Company and the applicable Participant, his or her spouse or other designated beneficiary, renders an opinion that the Internal Revenue Service would likely prevail in such a claim, the Pre-2005 Benefit, to the extent constituting taxable income, shall be immediately distributed to the Participant, his or her spouse or other designated beneficiary. For purposes of this Section, the Internal Revenue Service shall be deemed to have prevailed in a claim if such claim is upheld by a court of final jurisdiction, or, if based upon an opinion of legal counsel satisfactory to the Company and the Participant, his or her spouse or other designated beneficiary, the Plan fails to appeal a decision of the Internal Revenue Service, or a court of applicable jurisdiction, with respect to such claim to an appropriate Internal Revenue Service appeals authority or to a court of higher jurisdiction within the appropriate time period.

(2) Notwithstanding anything to the contrary contained in the Plan, (1) in the event that the Internal Revenue Service prevails in its claim that benefits under the Plan constitute taxable income under Code Section 409A, and guidance and regulations thereunder, to a Participant, his or her spouse or other designated beneficiary, for any taxable year prior to the taxable year in which such benefits are distributed to him or her, or (2) in the event that legal counsel satisfactory to the Company and the applicable Participant, his or her spouse or other designated beneficiary, renders an opinion that the Internal Revenue Service would likely prevail in such a claim, the Post-2004 Benefit or Supplemental Spouse Pension, to the extent constituting taxable income, shall be immediately distributed to the Participant, his or her spouse or other designated beneficiary. For purposes of this Section, the Internal Revenue Service shall be deemed to have prevailed in a claim if such claim is upheld by a court of final jurisdiction, or, if based upon an opinion of legal counsel satisfactory to the Company and the Participant, his or her spouse or other designated beneficiary, the Plan fails to appeal a decision of the Internal Revenue Service, or a court of applicable jurisdiction, with respect to such claim to an appropriate Internal Revenue Service appeals authority or to a court of higher jurisdiction within the appropriate time period.

[signature block follows on next page]

IN WITNESS WHEREOF, the Company has caused this amendment and restatement of the NiSource Inc. Supplemental Executive Retirement Plan to be executed in its name by its duly authorized officer, effective as of November 1, 2020.

NISOURCE INC.

By:

Its:

Date:

i.

History of the Plan

Northern Indiana Public Service Company adopted the Northern Indiana Public Service Company Supplemental Executive Retirement Plan effective as of December 23, 1982. The Plan was amended as of January 1, 1989. The Plan was subsequently adopted by NIPSCO Industries, Inc., the successor to Northern Indiana Public Service Company, effective as of January 1, 1991. The Plan was amended and restated, effective January 1, 1993 and September 1, 1994. Effective June 1, 2002, NiSource Inc., the parent company of NIPSCO Industries, Inc., assumed sponsorship of the Plan and the Plan was further amended and restated to make administrative and technical changes. The Plan was further amended, effective January 1, 2004, to reflect changes in the structure of benefits under the Plan. The Plan was again amended and restated, effective January 1, 2005, to comply with Internal Revenue Code Section 409A with respect to benefits earned under the Plan from and after January 1, 2005. Benefits under the Plan earned and vested prior to January 1, 2005 shall be administered without giving effect to Code Section 409A, and guidance and regulations thereunder. The Plan was again amended and restated, effective January 1, 2008, to incorporate special transition relief under Internal Revenue Service Notice 2007-86 to allow Participants to elect to change the time and form of payment of certain Post-2004 Benefits. The Plan was further amended and restated, effective January 1, 2010, to clarify how certain supplemental death benefits will be paid to Participants who have reached Retirement. The Plan was further amended and restated effective May 13, 2011 to transfer all administrative authority with respect to the Plan (including the authority to render decisions on claims and appeals and make administrative or ministerial amendments) from the Compensation Committee to the Benefits Committee. The Plan was amended and restated again, effective August 10, 2017, to revise the procedures for determining Disability under the Plan.

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

Exhibit 10.5

PENSION RESTORATION PLAN

FOR NISOURCE INC. AND AFFILIATES

As Amended and Restated Effective November 1, 2020

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PENSION RESTORATION PLAN

FOR NISOURCE INC. AND AFFILIATES

As Amended and Restated Effective November 1, 2020

Article I.

BACKGROUND AND PURPOSE

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

ii.**Purpose**. The purpose of the Plan is to provide for the payment of pension restoration benefits to employees of the Employer, whose benefits under the Basic Plans are subject to the Limits, or affected by deferrals into the DCP, so that the total pension benefits of such employees will be determined on the same basis as is applicable to all other employees of the Employer. The Plan is adopted solely (1) for the purpose of providing benefits to Participants in the Plan and their Beneficiaries in excess of the Limits imposed on qualified plans by Code Sections 415 and 401(a)(17), and any other Code Sections, by restoring benefits to such Plan Participants and Beneficiaries that are not available under the Basic Plans as a result of the Limits, and (2) for the purpose of restoring benefits to Plan Participants and Beneficiaries that are no longer available under the Basic Plans as a result of the Participant's deferrals into, the DCP. The provisions of the Plan as stated herein apply only to Participants who actively participate in the Plan on or after the Effective Date. Any Participant who retired or otherwise terminated employment with the Company and Affiliates prior to the Effective Date shall have his or her rights determined under the provision of the Plan, as it existed when his or her employment relationship terminated.

Article II.

DEFINITIONS

For the purposes of the Plan, the following terms shall have the meanings indicated, unless the context clearly indicates otherwise. Except when otherwise required by the context, any masculine terminology in this document shall include the feminine, and any singular terminology shall include the plural. The headings of Articles and Sections are included solely for convenience, and if there is any conflict between such headings and the text of the Plan, the text shall control.

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

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

iii. **Affiliate**. Any corporation that is a member of a controlled group of corporations (as defined in Code Section 414(b)) that includes the Company; any trade or business (whether or not incorporated) that is under common control (as defined in Code Section 414(c)) with the Company; any organization (whether or not incorporated) that is a member of an affiliated service group (as defined in Code Section 414(m)) that includes the Company; any leasing organization, to the extent that its employees are required to be treated as if they were employed by the Company pursuant to Code Section 414(n) and the regulations thereunder; and any other entity required to be aggregated with the Company pursuant to regulations under Code Section 414(o). An entity shall be an Affiliate only with respect to the existing period as described in the preceding sentence.

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

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

vi. **Benefits Committee**. The NiSource Benefits Committee.

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

viii. **Company**. NiSource Inc., a Delaware corporation.

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

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

xi. **Disability**. A condition that (a) causes a Participant, by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, to receive income replacement benefits for a period of not less than three months under an accident and health plan covering Employees of the Company or an Affiliate or (b) causes a Participant to be eligible to receive Social Security disability payments.

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

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

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

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

xvi. **Limits**. The limits imposed on the payment, accrual or calculation of tax-qualified retirement plans by Code Sections 415 and 401(a)(17) and any other Code Sections.

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

xviii. **Plan**. The Pension Restoration Plan for NiSource Inc. and Affiliates (formerly known as the Pension Restoration Plan for the Columbia Energy Group, formerly known as the Pension Restoration Plan for The Columbia Gas System, Inc.), as set forth herein.

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

Article III.

PARTICIPATION AND BENEFIT ACCRUAL

i. **Eligibility for Participation and Accrual of Benefit**. Except as provided in Section 3.2 below, each Employee of an Employer shall be eligible to participate in the Plan as of the date he or she is eligible to participate in a Basic Plan. For purposes of accruing a benefit under the Plan, each employee shall be eligible to accrue a benefit under the Plan for any plan year in which his or her benefits under a Basic Plan are affected by the Limits or by his or her deferrals under the DCP.

The Compensation Committee (or its delegate) shall determine the eligibility of each Employee to participate in the Plan based on information furnished by the Employer. Such determination shall be within the discretion of the Plan Administrator (or its delegate) and shall be conclusive and binding upon all persons as long as such determination is made pursuant to the Plan and applicable law.

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

(1) Eligibility. As set forth in Exhibit A, prior to January 1, 2004, only Employees of Columbia Energy Group (or its predecessor) who had benefits under a Basic Plan affected by the Limits, or by his or her deferrals under the DCP, participated in the Plan. Pursuant to the extension of participation in the Plan as explained in Exhibit A, on or after January 1, 2004, each Employee meeting the participation requirements set forth in Section 3.1 shall participate in the Plan as of January 1, 2004, and shall be eligible to accrue a benefit under the Plan as of such date or, if later, as of the date that an Employee's benefits under a Basic Plan are affected by the Limits or by his or her deferrals under the DCP.

(2) Benefit Accrual. With respect to any Participant who was first eligible to participate in the Plan on January 1, 2004 in accordance with this Section, but

who had accrued benefits under a Basic Plan prior to such date, such Participant shall have benefits under the Plan calculated in accordance with the Plan's general provisions, except that the Plan shall only consider the Participant's Credited Service, Point Service, Compensation or Accrued Benefit under the Basic Plan earned on or after the date participation in the Plan begins *(i.e.,* January 1, 2004), as further described in Section 4.2, Section 4.4(b), Section 4.5(b) Section 4.6(b) and Section 4.7(b).

iii.**Service Crediting**. A Participant's service used under the Basic Plan for purposes of determining eligibility for any retirement benefit shall also be used for similar purposes under the Plan. For any Participant described in Section 3.2, the Plan shall only consider such Participant's Credited Service (or, if applicable, Point Service) as of the date of participation in the Plan for purposes of calculating the benefit under the Plan; however, the Plan shall continue to consider such Participant's Credited Service (or, if applicable, Point Service) under the Basic Plan for purposes of determining early retirement eligibility or the application of the Pay-Based Credit scale for the Participant as described in Section 4.6.

Article IV.

DETERMINATION OF BENEFIT AMOUNT

i.**Amount of Benefit - General Principle**. The benefit payable under the Plan to a Participant (or to his or her Beneficiary under a Basic Plan) shall be equal to the excess (if any) of the benefit determined under subsection (a) below over the benefit determined under subsection (b) below:

(1) The benefit that would have been payable under a Basic Plan to a Participant, or to his or her Beneficiary, determined under a Basic Plan without regard to (i) the Limits or (ii) the Participant's deferrals into the DCP, if any.

(2) The benefit actually payable to the Participant, or to his or her Beneficiary, determined under a Basic Plan after applying the Limits and considering deferrals into the DCP, if any.

To the extent that the AB Benefit provisions of the Basic Plan apply to a Participant, such Participant shall have an AB Account created and shall have his or her benefit under the Plan calculated in accordance with the provisions of this Article IV. Specifically, such Participant shall be subject to the conversion, Opening Balance, Pay-Based and Interest Credits and Protected Benefit provisions provided under this Article.

ii.**Amount of Benefit For Participant Who Accrued a Benefit under a Basic Plan Prior to Participating in the Plan on January 1, 2004**. Notwithstanding the foregoing, the calculation of the benefit payable under Section 4.1 above shall be limited for any Participant described in Section 3.2. For such Participants, the benefit payable under the Plan shall be determined as follows:

(1) FAP Participant. For a Participant whose Accrued Benefit under a Basic Plan is a FAP Benefit, the benefit payable under the Plan to the Participant, or to his or her Beneficiary under the Basic Plan, shall be equal to the excess (if any) of the benefit determined under paragraph (1) below over the benefit determined under paragraph (2) below:

(a) The benefit that would have been payable under a Basic Plan to a Participant, or to his or her Beneficiary determined under a Basic Plan, considering only the Participant's Credited Service and Compensation from and after the date the Participant first becomes eligible to participate in the Plan, determined without regard to (i) the Limits or (ii) the Participant's deferrals into the DCP, if any.

(b) The benefit actually payable to the Participant, or to his or her Beneficiary determined under a Basic Plan, calculated based upon the Participant's Credited Service and Compensation from and after the date the Participant first becomes eligible to participate in the Plan, determined after applying the Limits and considering deferrals into the DCP, if any.

(2) AB Participant. For a Participant whose Accrued Benefit under a Basic Plan is an AB Benefit, the benefit payable under the Plan to the Participant, or to his or her Beneficiary under a Basic Plan, shall be equal to the excess (if any) of the benefit determined under paragraph (1) below over the benefit determined under paragraph (2) below:

(a) The benefit that would have been payable under a Basic Plan to a Participant or his or her Beneficiary, determined as if the Participant's Opening Balance under the Basic Plan was $0 as of the date the Participant first becomes eligible to participate in the Plan, and considering only the Participant's Pay-Based Credits, Interest Credits and Compensation from and after such date, and determined without regard to (i) the Limits or (ii) the Participant's deferrals into the DCP, if any.

(b) The benefit actually payable under a Basic Plan to the Participant, or to his or her Beneficiary, determined as if the Participant's Opening Balance under the Basic Plan was $0 as of the date the Participant first becomes eligible to participate in the Plan, and considering only the Participant's Pay-Based Credits, Interest Credits and Compensation from and after such date, and determined after applying the Limits and considering deferrals into the DCP, if any.

iii.**Form of Benefit Accrual**. The form of benefit accrual for a Participant in the Plan shall be the form of benefit accrual applicable for such Participant under the relevant Basic Plan.

iv.**Conversion of Benefits.**

(1) In General. Upon the conversion of any Participant's Accrued Benefit in a Basic Plan from a FAP Benefit to an AB II Benefit or from an AB I Benefit to an AB II Benefit, any benefit under the Plan shall, except as provided below, also be converted upon such date according to the conversion procedures set forth in the relevant Basic Plan, including determination of an Opening Balance.

(2) Exception to the General Provision. Notwithstanding the foregoing, with respect to any Participant in the Plan who is described in Section 3.2, such Participant's benefit under the Plan shall be converted according to the conversion procedures in the relevant Basic Plan, provided that any consideration of Credited Service and Compensation in the calculation of the Participant's Opening Balance shall be limited to Credited Service and Compensation earned from and after the date the Participant first becomes eligible to participate in the Plan.

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

(1) In General. The Opening Balance shall be calculated using the same methodology and factors as provided in the relevant Basic Plan. The Opening Balance under the Plan shall be determined as the excess of the Opening Balance determined in (1) below over the Opening Balance determined in (2) below:

(a) The Participant's Opening Balance under the Basic Plan determined without regard to (i) the Limits or (ii) the Participant's deferrals into the DCP, if any.

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

(2) Exception to the General Provision. For the purpose of determining the Opening Balance for any Participant in the Plan who is described in Section 3.2, the Opening Balance under the Plan shall be determined in accordance with Section 4.5(a) above, but considering a calculation of the Opening Balance under the Basic Plan using only the Participant's Credited Service (or, if applicable, Point Service) and Compensation from and after the date the Participant first becomes eligible to participate in the Plan.

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

(1) Pay-Based Credits Generally. Pay-Based Credits under the Plan shall be calculated using the same methodology and factors as provided in the relevant Basic Plan. Pay-Based Credits under the Plan shall be determined as the excess of the Pay-Based Credits determined in (1) below over the Pay-Based Credits determined in (2) below:

(a) The Participant's Pay-Based Credits under the Basic Plan determined without regard to (i) the Limits or (ii) the Participant's deferrals into the DCP, if any.

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

(2) Exception to the General Pay-Based Credits Provision. For the purpose of determining the Pay-Based Credits for any Participant in the Plan who is described in Section 3.2, the Pay-Based Credits under the Plan shall be determined in accordance with Section 4.6(a) above, but considering a calculation of Pay-Based Credits under the Basic Plan using only Compensation from and after the date the Participant first becomes eligible to participate in the Plan.

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

vii. **Protected Benefit**. Effective for any Participant terminating employment with the Employer on or after January 1, 2011, the benefit payable under the Plan may never be less than the benefit set forth in this section. For purposes of determining the Protected Benefit under the Plan, the following provisions shall apply:

(1) Protected Benefit Generally. The Protected Benefit under the Plan shall be calculated using the same methodology and factors as provided in the relevant Basic Plan. The Protected Benefit under the Plan shall be determined as the excess of the benefit determined in (1) below over the benefit determined in (2) below:

(a) The Protected Benefit under the Basic Plan for the Participant, or for his or her Beneficiary, determined without regard to (i) the Limits or (ii) the Participant's deferrals into the DCP, if any.

(b) The Protected Benefit under the Basic Plan for the Participant, or for his or her Beneficiary, determined after applying the Limits and considering deferrals into the DCP, if any.

In accordance with the methodology provided in the applicable Basic Plan, a Participant with an AB Benefit shall be entitled to benefit under the Plan equal to the greater of (1) the AB Account under the Plan or (2) the sum of the AB Account under the Plan (determined without regard to the Opening Balance calculation) *plus* the portion of the FAP Benefit that is calculated in accordance with the Plan as of the date of conversion to the AB Benefit as set forth in Section 4.4.

(2) Exception to the General Protected Benefit Provision. For the purpose of determining the Protected Benefit for any Participant in the Plan who is described

in Section 3.2, the Protected Benefit under the Plan shall be determined in accordance with Section 4.7_above, but considering calculation of the Protected Benefit under the Basic Plan using only Credited Service and Compensation from and after the date the Participant first becomes eligible to participate in the Plan.

Article V.

TIME AND METHOD OF PAYMENT OF BENEFIT

i.**Method of Payment.**

(1) The benefit earned under the Plan shall be payable to a Participant in a form available under the Basic Plan, as elected by the Participant by notice delivered to the Plan Administrator on or before December 31, 2005. Notwithstanding the preceding sentence, in the case of an Employee who becomes a Participant on or after January 1, 2005, the aforementioned election with respect to a benefit shall be made no later than January 31 of the calendar year after the calendar year in which the Participant first becomes eligible to participate in the Plan, and such election shall be effective with respect to Compensation related to services to be performed subsequent to the election; provided, however, that a Participant shall not be considered first eligible if, on the date he or she becomes a Participant, he or she participates in any other nonqualified plan of the same category that is subject to Code Section 409A, maintained by the Company or an Affiliate.

(2) If payment in the form of an annuity is elected, the annuity type shall be elected by the Participant at the time he or she makes the election described in the first or second sentence of subsection (a) above from among those annuities available at that time under the Basic Plan. If a benefit hereunder is paid in an annuity form other than a straight life annuity, the amount of the benefit under the Plan shall be reduced by the Basic Plan's factors in effect at the time of such election for payment in a form other than a straight life annuity. If payment in the form of a lump sum is elected, the lump sum amount payable will be calculated in the same manner and according to the same interest rates and mortality tables as under the Basic Plan at the time of such election.

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

ii.**Timing of Payment**.

(1) Subject to Section 5.4 hereof, a benefit payable in accordance with Section 5.1 will commence within 45 days after: (i) if the Participant qualifies for Early Retirement under a Basic Plan, when the Participant separates from service, or (ii) if the Participant does not qualify for Early Retirement under a Basic Plan, the later of when the Participant separates from service or attains (or would have

attained) age 65, or, if later, within such timeframe permitted under Code Section 409A, and guidance and regulations thereunder.

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

iii. **Changes to the Form of Payment**. A Participant cannot change the form of payment of a benefit elected under Section 5.1 or this Section 5.3 unless (i) such election does not take effect until at least 12 months after the date on which the election is made, (ii) in the case of an election related to a payment not due to the Participant's Disability or death, the first payment with respect to which such new election is effective is deferred for a period of not less than five years from the date such payment would otherwise have been made, and (iii) any election related to a payment based upon a specific time or pursuant to a fixed schedule may not be made less than 12 months prior to the date of the first scheduled payment; provided, however, that an election to change from one type of annuity payment to a different, actuarially equivalent, type of annuity payment shall not be considered a change to the form of payment for purposes of applying the restrictions in clauses (i), (ii) and (iii).

Notwithstanding the preceding paragraphs of this Section 5.3, a Participant may change an election with respect to the form of payment of a benefit, without regard to the restrictions imposed under the preceding paragraph, on or before December 31, 2006; provided that such election (i) applies only to amounts that would not otherwise be payable in calendar year 2006, and (ii) shall not cause an amount to be paid in calendar year 2006 that would not otherwise be payable in such year.

iv. **Specified Employees**. Notwithstanding any other provision of the Plan, in no event can a payment of a benefit to a Participant who is a Specified Employee of the Company or an Affiliate, at a time during which the Company's capital stock or capital stock of an Affiliate is publicly traded on an established securities market, in the calendar year of his or her separation from service, be made before the date that is six months after the date of the Participant's separation from service with the Company and all Affiliates, unless such separation is due to his or her death.

A Participant shall be deemed to be a Specified Employee for purposes of this Section 5.4 if he or she is in a job category C2 or above with respect to the Company or Affiliate that employs him or her; provided if at any time the total number of Employees in job category C2 and above is less than 50, a Specified Employee shall include any person who meets the definition of Key Employee set forth in Code Section 416(i) without reference to paragraph (5).

A Participant shall be deemed to be a Specified Employee with respect to a calendar year if he or she is a Specified Employee on September 30th of the preceding calendar year. If a Specified Employee will receive payments hereunder in the form of installments or an annuity, the first payment made as of the date six months after the date of the Participant's separation from service with the Company and all Affiliates shall be a lump sum, paid as soon as practicable after the end of such six-month period, that includes all payments that would otherwise have been made during such six-month period.

From and after the end of such six month period, any such installment or annuity payments shall be made pursuant to the terms of the applicable installment or annuity form of payment.

v. **Interest and Mortality Assumptions**. Determinations under the Plan shall be based on the interest and mortality assumptions used in the applicable Basic Plan on the date of such determination.

Article VI.

ADMINISTRATION OF PLAN

i. **Allocation of Duties to Committees**. The Plan shall be administered by the Benefits Committee, as delegated by the Compensation Committee. The Benefits Committee shall have the authority to make, amend, interpret, and enforce all appropriate rules and regulations for the administration of the Plan and decide or resolve any and all questions, including interpretations of the Plan, as may arise in such administration, except as otherwise reserved to the Compensation Committee herein, or by resolution or charter of the respective committees.

In its discretion, the Plan Administrator may delegate to any division or department of the Company the discretionary authority to make decisions regarding Plan administration, within limits and guidelines from time to time established by the Plan Administrator. The delegated discretionary authority shall be exercised by such division or department's senior officer, or his/her delegate. Within the scope of the delegated discretionary authority, such officer or person shall act in the place of the Plan Administrator and his/her decisions shall be treated as decisions of the Plan Administrator.

ii. **Agents**. The Plan Administrator may, from time to time, employ agents and delegate to them such administrative duties as it sees fit, and may from time to time consult with counsel who may be counsel to the Company.

iii. **Information Required by Plan Administrator**. The Company shall furnish the Plan Administrator with such data and information as the Plan Administrator may deem necessary or desirable in order to administer the Plan. The records of the Company as to an employee's or Participant's period or periods of employment, separation from Service and the reason therefore, reemployment and Compensation will be conclusive on all persons unless determined to the Plan Administrator's satisfaction to be incorrect. Participants and other persons entitled to benefits under the Plan also shall furnish the Plan Administrator with such evidence, data or information as the Plan Administrator considers necessary or desirable to administer the Plan.

iv.**Binding Effect of Decisions**. Subject to applicable law, and the provisions of Article VIII, any interpretation of the provisions of the Plan and any decision on any matter within the discretion of the Benefits Committee and/or the Compensation Committee (or any duly authorized delegate of either such committee) and made in good faith shall be binding on all persons.

Article VII.

CLAIMS PROCEDURE

i.**Claims Procedure**. Claims for benefits under the Plan shall be made in writing to the Plan Administrator. The Plan Administrator shall establish rules and procedures to be followed by Participants and Beneficiaries in filing claims for benefits, and for furnishing and verifying proof necessary to establish the right to benefits in accordance with the Plan, consistent with the remainder of this Article.

ii.**Review of Claim**. The Plan Administrator shall review all claims for benefits. Upon receipt by the Plan Administrator of such a claim, it shall determine all facts that are necessary to establish the right of the claimant to benefits under the provisions of the Plan and the amount thereof as herein provided within 90 days of receipt of such claim. If prior to the expiration of the initial 90 day period, the Plan Administrator determines additional time is needed to come to a determination on the claim, the Plan Administrator shall provide written notice to the Participant, Beneficiary or other claimant of the need for the extension, not to exceed a total of 180 days from the date the application was received. If the Plan Administrator fails to notify the claimant in writing of the denial of the claim within 90 days after the Plan Administrator receives it, the claim shall be deemed denied.

iii.**Notice of Denial of Claim**. If the Plan Administrator wholly or partially denies a claim for benefits, the Plan Administrator shall, within a reasonable period of time, but no later than 90 days after receiving the claim (unless extended as noted above), notify the claimant in writing of the denial of the claim. Such notification shall be written in a manner reasonably expected to be understood by such claimant and shall in all respects comply with the requirements of ERISA, including but not limited to inclusion of the following:

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

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

(3) a description of any additional material or information necessary for the claimant to perfect the claim, together with an explanation of why such material or information is necessary; and

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

iv.**Reconsideration of Denied Claim**. Within 60 days of the receipt by the claimant of the written notice of denial of the claim, or within 60 days after the claim is deemed denied as set forth above, if applicable, the claimant or duly authorized representative may file a written request with the Benefits Committee that it conduct a full and fair review of the denial of the claimant's claim for benefits. If the claimant or duly authorized representative fails to request such a reconsideration within such 60 day period, it shall be conclusively determined for all purposes of the Plan that the denial of such claim by the Benefits Committee is correct. In connection with the claimant's appeal of the denial of his or her benefit, the claimant may review documents relevant to the benefit claim and may submit issues and comments in writing.

The Benefits Committee shall render a decision on the claim appeal promptly, but not later than 60 days after receiving the claimant's request for review, unless, in the discretion of the Benefits Committee, special circumstances require an extension of time for processing, in which case the 60-day period may be extended to 120 days. The Benefits Committee shall notify the claimant in writing of any such extension. The notice of decision upon review shall be in writing and shall include specific reasons for the decision, written in a manner calculated to be understood by the claimant, as well as specific references to the pertinent Plan provisions upon which the decision is based. If the decision on review is not furnished within the time period set forth above, the claim shall be deemed denied on review.

If such determination is favorable to the claimant, it shall be binding and conclusive. If such determination is adverse to such claimant, it shall be binding and conclusive unless the claimant or his duly authorized representative notifies the Benefits Committee within 90 days after the mailing or delivery to the claimant by the Benefits Committee of its determination that claimant intends to institute legal proceedings challenging the determination of the Benefits Committee and actually institutes such legal proceedings within 180 days after such mailing or delivery.

Article VIII.

PLAN AMENDMENT OR TERMINATION

i.**Plan Amendment**. While the Company intends to maintain the Plan in conjunction with the Basic Plans, the Company or the Compensation Committee reserves the right to amend the Plan at any time and from time to time with respect to eligibility for the Plan, the level of benefits awarded under the Plan and the time and form of payment for benefits from the Plan. The Compensation Committee or the Board shall have the authority to amend the Plan. The Compensation Committee or the Board shall have the exclusive authority to amend the Plan regarding eligibility for the Plan, the amount or level of benefits awarded under the Plan, and the time and form of payments for benefits from the Plan. In addition, the Compensation Committee or the Board shall also have the exclusive authority to make amendments that constitute a material increase in compensation, any change requiring action or consent by a committee of the Board pursuant to the rules of the Securities and Exchange Commission, the New York Stock Exchange or other applicable law, or such other material changes to the Plan such that approval of the Board is required. Unless otherwise determined by the Compensation Committee, the

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

All amendments to the Plan must be made by written instrument, notice of which is given to all Participants and to Beneficiaries. Notwithstanding the preceding sentence, no amendment shall impair or alter such right to a benefit accrued under the Plan as of the effective date of such amendment to or with respect to any Employee who has become a Participant in the Plan before the effective date of such amendment or with respect to his or her Beneficiary.

ii.**Plan Termination**. The Compensation Committee or the Company may terminate the Plan at any time provided that termination of the Plan shall not impair or alter such right to a benefit accrued under the Plan as of the effective date of such termination to or with respect to any Employee who has become a Participant in the Plan before the effective date of such termination or with respect to his or her Beneficiary

Upon termination of the Plan, distribution of Plan benefits shall be made to Participants, surviving spouses and beneficiaries in the manner and at the time described in Article VI of the Plan. No additional benefits shall be earned after termination of the Plan other than the crediting of Interest until the date of distribution of a Participant's Supplemental Savings Account.

Article IX.

MISCELLANEOUS PROVISIONS

i.**Unsecured General Creditor**. Participants and Beneficiaries shall be unsecured general creditors, with no secured or preferential right to any assets of the Company, any other Employer, or any other party for payment of benefits under the Plan. Obligations of the Company and each other Employer under the Plan shall be an unfunded and unsecured promise to pay money in the future.

ii.**Income Tax Payout**. In the event that the Internal Revenue Service prevails in its claim that any amount of a Participant's benefit payable pursuant to the Plan and held in the general assets of the Company or any other Employer constitutes taxable income under Code Section 409A, and guidance and regulations thereunder, to a Participant or his or her Beneficiary for any taxable year prior to the taxable year in which such amount is distributed to him or her, or in the event that legal counsel satisfactory to the Company and the applicable Participant or his or her Beneficiary renders an opinion that the Internal Revenue Service would likely prevail in such a claim, the amount of such benefit held in the general assets of the Company or any other Employer, to the extent constituting such taxable income, shall be immediately distributed to the Participant or his or her Beneficiary. For purposes of this Section, the Internal Revenue Service shall be deemed to have prevailed in a claim if such claim is upheld by a court of final jurisdiction, or if the Participant or Beneficiary, based upon an opinion of legal counsel satisfactory to the Company and the Participant or his or her Beneficiary, fails to appeal a decision of the Internal Revenue Service, or a court of applicable jurisdiction, with respect to such claim, to an appropriate Internal Revenue Service appeals authority or to a court of higher jurisdiction within the appropriate time period.

iii. **General Conditions**. Except as otherwise expressly provided herein, all terms and conditions of a Basic Plan applicable to a Basic Plan benefit shall also be applicable to a benefit payable hereunder. Any Basic Plan benefit shall be paid solely in accordance with the terms and conditions of the applicable Basic Plan and nothing in the Plan shall operate or be construed in any way to modify, amend or affect the terms and provisions of the Basic Plan. Defined terms used in the Plan that are not defined in this Plan but are defined in the Basic Plans shall have the meanings assigned to them in the Basic Plans.

iv. **No Guaranty of Benefits**. Nothing contained in the Plan shall constitute a guaranty by the Company or any other Employer or any other entity or person that the assets of the Company or any other Employer will be sufficient to pay any benefit hereunder.

v. **No Enlargement of Employee Rights**. No Participant or Beneficiary shall have any right to a benefit under the Plan except in accordance with the terms of the Plan. Establishment of the Plan shall not be construed to give any Participant or Beneficiary the right to be retained in the service of the Company or any Affiliate.

vi. **Nonalienation of Benefits**. No interest of any person or entity in, or right to receive a benefit under, the Plan shall be subject in any manner to sale, transfer, assignment, pledge, attachment, garnishment, or other alienation or encumbrance of any kind; nor may such interest or right to receive a benefit be taken, either voluntarily or involuntarily, for the satisfaction of the debts of, or other obligations or claims against, such person or entity, including claims for alimony, support, separate maintenance, and claims in bankruptcy proceedings.

Notwithstanding the preceding paragraph, the benefit of any Participant shall be subject to and payable in the amount determined in accordance with any qualified domestic relations order, as that term is defined in ERISA Section 206(d)(3). The Plan Administrator shall provide for payment of such benefit to an alternate payee (as defined in ERISA Section 206(d)(3)) as soon as administratively possible following receipt of such order. Any federal, state or local income tax associated with such payment shall be the responsibility of the alternate payee. The benefit that is subject to any qualified domestic relations order shall be reduced by the amount of any payment made pursuant to such order.

vii. **Applicable Law**. The Plan shall be construed and administered under the laws of the State of Indiana, except to the extent preempted by applicable federal law.

viii. **Incapacity of Recipient**. If any person entitled to a benefit payment under the Plan is deemed by the Plan Administrator to be incapable of personally receiving and giving a valid receipt for such payment, then, unless and until claim therefore shall have been made by a duly appointed guardian or other legal representative of such person, the Plan Administrator may provide for such payment or any part thereof to be made to any other person or institution then contributing toward or providing for the care and maintenance of such person. Any such payment shall be a payment for the account of such person and a complete discharge of any liability of the Company, any other Employer, the Plan Administrator and the Plan therefore.

ix.**Unclaimed Benefit**. Each Participant shall keep the Plan Administrator informed of his or her current address and the current address of his or her Beneficiaries. The Plan Administrator shall not be obligated to search for the whereabouts of any person. If the location of a Participant is not made known to the Plan Administrator within three years after the date on which payment of the Participant's benefit may first be made, payment may be made as though the Participant had died at the end of the three-year period. If, within one additional year after such three-year period has elapsed, or, within three years after the actual death of a Participant, the Plan Administrator is unable to locate any Beneficiary of the Participant, then the Plan Administrator shall have no further obligation to pay any benefit hereunder to such Participant, Beneficiary, or any other person and such benefit shall be irrevocably forfeited.

x.**Limitations on Liability**. Notwithstanding any of the preceding provisions of the Plan, none of the Company, any other Employer, any member of the Benefits Committee or the Compensation Committee or any delegate of such committees, or any individual acting as an employee, or agent at the direction of the Company or any other Employer, or any member of the Benefits Committee or the Compensation Committee or any delegate of such committees, shall be liable to any Participant, former Participant, Beneficiary, or any other person for any claim, loss, liability or expense incurred in connection with the Plan.

[Signature block follows on next page]

IN WITNESS WHEREOF, NiSource Inc. has caused this amended and restated Pension Restoration Plan for NiSource Inc. and Affiliates to be executed in its name, by its duly authorized officer, effective as of November 1, 2020.

NISOURCE INC.

By:

Its:

Date:

History of the Plan

The Columbia Gas System, Inc. adopted The Pension Restoration Plan for The Columbia Gas System, Inc., as amended and restated effective March 1, 1997. The Plan was amended and restated, effective January 1, 2002, by Columbia Energy Group, successor to Columbia Gas System, Inc., and renamed the Pension Restoration Plan for the Columbia Energy Group. Effective January 1, 2004, NiSource Inc., the parent company of Columbia Energy Group, assumed sponsorship of the Pension Restoration Plan for Columbia Energy Group, renamed the Plan the Pension Restoration Plan for NiSource Inc. and Affiliates, and broadened the Plan to allow participation by employees of NiSource Inc. and Affiliated Companies from and after January 1, 2004. The Plan was further amended and restated, effective January 1, 2005, to comply with Internal Revenue Code Section 409A with respect to benefits earned under the Plan. The Plan was amended and restated again, effective January 1, 2008, to revise certain election procedures. The Plan was further amended and restated, effective January 1, 2010, to clarify the calculation of benefits under the Plan and to reflect Plan benefits parallel to the benefit structures under applicable Basic Plans, including the AB Benefit. The Plan was amended and restated again, effective May 13, 2011 to transfer all administrative authority with respect to the Plan (including the authority to render decisions on claims and appeals and make administrative or ministerial amendments) from the Compensation Committee to the Benefits Committee. The Plan was amended and restated again, effective August 10, 2017, to revise the procedures for determining Disability under the Plan.

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

ii.

Basic Plans

NiSource Salaried Pension Plan

NiSource Subsidiary Pension Plan

Columbia Energy Group Pension Plan

Bay State Gas Company Pension Plan

Exhibit 10.6

SAVINGS RESTORATION PLAN

FOR NISOURCE INC. AND AFFILIATES

As Amended and Restated Effective November 1, 2020

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SAVINGS RESTORATION PLAN

FOR NISOURCE INC. AND AFFILIATES
ARTICLE I.

BACKGROUND AND PURPOSE

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

ii..**Purpose**. The purpose of the Plan is to provide for the payment of savings restoration benefits to employees of NiSource Inc. and Affiliates, whose benefits under the Basic Plan are subject to the Limits or affected by deferrals into the DCP, so that the total savings plan benefits of such employees shall be determined on the same basis as is applicable to all other employees of the Company. The Plan is adopted solely (1) for the purpose of providing benefits to Participants in the Plan and their Beneficiaries in excess of the Limits imposed on qualified plans by Code Section 401(a)(17) and any other Code Sections, by restoring benefits to such Plan Participants and Beneficiaries that are no longer available under the Basic Plan as a result of the Limits, and (2) for the purpose of restoring benefits to Plan Participants and Beneficiaries that are no longer available under the Basic Plan as a result of the Participant's deferrals into the DCP.

ARTICLE II.

DEFINITIONS

For the purposes of the Plan, the following terms shall have the meanings indicated, unless the context clearly indicates otherwise. Except when otherwise required by the context, any masculine terminology in this document shall include the feminine, and any singular terminology shall include the plural. Defined terms used in the Plan that are not defined in this Article or elsewhere in the Plan but are defined in the Basic Plan shall have the meanings assigned to them in the Basic Plan. The headings of Articles and Sections are included solely for convenience, and if there is any conflict between such headings and the text of the Plan, the text shall control.

i..**Account.** The device used by an Employer to measure and determine the amount to be paid under the Plan. Each Account shall be divided into a Pre-2005 Account containing contributions to the Plan earned and vested prior to January 1, 2005, and a Post-2004 Account containing contributions to the Plan earned and/or vested on or after January 1, 2005.

ii..**Affiliate**. Any corporation that is a member of a controlled group of corporations (as defined in Code Section 414(b)) that includes the Company; any trade or business (whether or not incorporated) that is under common control (as defined in Code Section 414(c)) with the Company; any organization (whether or not incorporated) that is a member of an affiliated service group (as defined in Code Section 414(m)) that includes the Company; any leasing organization, to the extent that its employees are required to be treated as if they were employed by the Company pursuant to Code Section 414(n) and the regulations thereunder; and any other entity required to be aggregated with the Company pursuant to regulations under Code Section 414(o). An entity shall be an Affiliate only with respect to the existing period as described in the preceding sentence.

iii..**Basic Plan**. The NiSource Inc. Retirement Savings Plan, as amended and restated effective January 1, 2018, and as further amended from time to time (or as amended and restated for any prior period to the extent the provisions of the Plan refer to such prior period for the Basic Plan).

iv..**Beneficiary**. The person, persons or entity entitled to receive any Plan benefits payable after a Participant's death, as elected by a Participant under the Basic Plan.

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

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

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

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

ix..**Compensation**. Compensation as defined under the Basic Plan for purposes of determining Pre-Tax Contributions, Roth Contributions, and Matching Contributions under the Basic Plan. For purposes of calculating Employer credits to Participant Accounts under this Plan, Compensation may exceed the Compensation Limit under Code Section 401(a)(17)(B) and shall not be impacted by any other Limit.

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

xi..**DCP**. The Columbia Energy Group Deferred Compensation Plan on or prior to December 31, 2003, and, thereafter, the NiSource Inc. Executive Deferred Compensation Plan, as further amended from time to time.

xii..**Disability**. A condition that (a) causes a Participant, by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, to receive income replacement benefits for a period of not less than three months under an accident and health plan covering employees of the Company or an Affiliate or (b) causes a Participant to be eligible to receive Social Security disability payments.

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

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

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

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

xvii..**In-Service Withdrawal**. A distribution from a Participant's Pre-2005 Account before that Participant's Separation from Service made in accordance with the Participant's written election under Article V of this Plan.

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

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

xx..**Plan**. The Savings Restoration Plan for NiSource Inc. and Affiliates (formerly known as the Savings Restoration Plan for the Columbia Energy Group, and before that as the Thrift Restoration Plan for the Columbia Energy Group), as set forth herein and as amended from time to time.

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

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

xxiii..**Post-2004 Account**. The portion of a Participant's Account equal to the excess of (1) the balance of the Participant's Account determined as of a Participant's date of Separation from Service after December 31, 2004, over (2) the Pre-2005 Account, to which the Participant would be entitled under the Plan if he voluntarily separated from service without cause as of such date and received a full payment of benefits from the Plan on the earliest possible date allowed under the Plan following his Separation from Service.

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

xxv..**Separation from Service**. A termination of services provided by a Participant to his or her Employer, whether voluntarily or involuntarily, consistent with Code Section 409A and the guidance promulgated thereunder.

xxvi..**Specified Employee**. A Participant who is in job scope level C2 or above with respect to any Employer that employs him or her; provided that if at any time the total number of employees in job category C2 and above is less than 50, a Specified Employee shall include any employee who meets the definition of "key employee" set forth in Code Section 416(i) (without reference to paragraph 5 of Code Section 416(i)). A Participant shall be deemed to be a Specified Employee with respect to a Separation from Service that occurs during a calendar year if he or she is a Specified Employee on September 30 of the preceding calendar year. The Benefits Committee shall determine which Participants are Specified Employees in accordance with the guidance promulgated under Code Section 409A.

xvii..**Unforeseeable Emergency**. A severe financial hardship to a Participant resulting from an illness or accident of the Participant, the Participant's spouse or a dependent (as defined in Code Section 152(a)), of the Participant, loss of the Participant's property due to casualty or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant.

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

ARTICLE III.

ELIGIBILITY AND PARTICIPATION

i..**Eligibility**. On and after January 1, 2012, eligibility to participate in the Plan shall be limited to an employee in job scope level C2 or above. On and after October 22, 2012, eligibility to participate in this Plan additionally shall include any employee in job scope level D1 or D2 who completed an election form under the DCP in 2011 to make deferrals related to services performed in the Plan Year beginning January 1, 2012; provided however, that such an employee will be eligible to receive only the Profit Sharing Contribution Credits described in Section 4.2(b) and the Next-Gen Contribution Credits described in Section 4.2(c), to the extent described in such subsections, and will remain eligible to participate in this Plan and receive such contributions after the 2012 Plan Year only if he or she completes an election form under the DCP in each successive Plan Year after 2012 and otherwise remains eligible to continue to participate in the DCP in each successive Plan Year after 2012.

ii..**Participation**. The Plan Administrator shall inform each Employee of his or her eligibility to participate in the Plan as soon as practicable but before the earliest date such Employee's participation could become effective. An Eligible Employee becomes a Participant when the Employer credits the Participant's Account with the Employer credits described in Article IV of this Plan.

iii..**Continuation of Participation**. A Participant shall remain a Participant so long as his or her Account has not been fully distributed to him or her.

iv..**Amendment of Eligibility Criteria.** The Compensation Committee may, in its discretion, change the criteria for eligibility for any reason, provided, however, that no change in the criteria for eligibility shall be effective unless such changes are (a) within guidelines established by the Compensation Committee or (b) approved by the Compensation Committee.

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

ARTICLE IV.

ACCOUNTS

i..**Account.** The Employer credits, as described in Sections 4.2 and 4.3, and earnings thereon, shall be credited to the Participant's Account. The Account shall be a bookkeeping device utilized for the sole purpose of determining the benefits payable under the Plan and shall not constitute a separate fund of assets.

ii..**Employer Credits.**

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

(a) The total amount of Matching Contributions that would otherwise have been contributed to the Basic Plan for the Participant during all years in which the Participant participated in the Basic Plan without regard to the Limits;

(b) The actual amount of Matching Contributions that have been contributed to the Basic Plan for the Participant.

In addition to making the credits related to Matching Contributions described above, the Employer also will make the following true-up credit. If (i) the allocation period under the Basic Plan is shorter than the Plan Year, and (ii) on the last day of the Plan Year, the amount of Matching Contributions under the Basic Plan is less than the amount of Matching Contributions that would have been made had the allocation period for Matching Contributions been the Plan Year, then the Employer will make an additional credit to a Participant's Account. This credit will be in the amount necessary to make the Employer credit related to Matching Contributions equal to the amount of Employer credits related to Matching Contributions that would have been made had the allocation period been the Plan Year. Notwithstanding the foregoing, an Employer shall make this true-up credit only for Participants who are employed with the Employer on the last day of the Plan Year and Participants who experienced a Separation from Service before the last day of the Plan Year due to death, Disability, or retirement.

(2) Profit Sharing Contribution Credits. Employer credits pursuant to this Section 4.2(b) shall be reflected in the Plan for all Participants in the Plan on or after such date, including the following: (1) those who received

Profit Sharing Contributions to the Basic Plan for 2010 or later that were subject to the Limits, or (2) those who otherwise had Profit Sharing Contributions limited or adjusted under the Basic Plan on or after January 1, 2011. The amount of Employer credits related to Profit Sharing Contributions for a Participant shall equal (1) minus (2) below:

(a) The total amount of Profit Sharing Contributions that otherwise would have been contributed to the Basic Plan for the Participant during all years in which the Participant participated in the Basic Plan, as determined by Compensation as defined under this Plan without regards to the Limits;

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

Notwithstanding the foregoing, a Participant who is in job scope level D1 or D2 shall receive an amount of Employer credits related to Profit Sharing Contributions equal to the difference between (1) minus (2) below:

(c) The total amount of Profit Sharing Contributions that otherwise would have been contributed to the Basic Plan for the Participant during all years in which the Participant participated in the Basic Plan, had Profit Sharing Contributions been calculated using this Plan's definition of Compensation;

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

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

(3) Next-Gen Contribution Credits. With respect to a Participant who is classified by the Employer as an "exempt employee" and who is hired or rehired on or after January 1, 2010, the amount of Employer credits for a Participant shall equal (1) minus (2) below:

(a) The total amount of the Employer Contribution that otherwise would have been contributed to the Basic Plan in an amount equal to 3% of the Participant's Compensation (as defined under this Plan) without regard to the Limits;

(b) The actual amount of the Employer Contribution under the Basic Plan that was contributed to the Participant in an amount equal to

3% of the Participant's Compensation (as defined under the Basic Plan).

This amount shall be credited to any applicable Participant in addition to any amounts he or she may be entitled to under Sections 4.2(a) and 4.2 (b) of this Plan and regardless of whether such Participant has signed a written agreement to participate in this Plan.

Notwithstanding the foregoing, a Participant who is in job scope level D1 or D2 shall receive an amount of Employer credits equal to the difference between (1) minus (2) below:

1. The total amount of the Employer Contribution that otherwise would have been contributed to the Basic Plan in an amount equal to 3% of the Participant's Compensation (as defined under this Plan);

2. The actual amount of the Employer Contribution under the Basic Plan that was contributed to the Participant in an amount equal to 3% of the Participant's Compensation (as defined under the Basic Plan).

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

a. **Timing of Credits; Withholding**. The Employer credits shall be made to the Participant's Account annually, at such time determined by the Plan Administrator. Any withholding of taxes or other amounts that is required by federal, state, or local law shall be withheld from the Participant's nondeferred Compensation to the maximum extent possible and any remaining amount shall reduce the amount credited to the Participant's Account.

b. **Determination of Account**. Each Participant's Account as of each Valuation Date shall consist of the balance of the Account as of the immediately preceding Valuation Date, adjusted as follows:

1. New Employer Credits. The Account shall be increased by any Employer credits made in accordance with Sections 4.2 or 4.3, as applicable, since such preceding Valuation Date.

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

3. Valuation of Account. The Account shall be increased or decreased by the aggregate earnings, gains and losses on such Account since such preceding

Valuation Date, based on the manner in which the Participant's Account has been hypothetically allocated among the investment options selected by the Participant.

c. **Statement of Account**. The Plan Administrator shall give to each Participant a statement showing the balance in the Participant's Account periodically at such times as may be determined by the Plan Administrator, in written or electronic form.

ARTICLE V.

INVESTMENTS

d. **Investment Options**. Amounts credited hereunder to the Account of a Participant shall be invested as such Participant elects among the investment choices provided to the Participant.

The investment options shall be determined by the Plan Administrator from time to time in its sole and absolute discretion. As necessary, the Plan Administrator may, in its sole discretion, discontinue, substitute or add an investment option. Each such action will take effect on such date established by the Plan Administrator.

e. **Election of Investment Options**. A Participant, in connection with his or her payment election under Article VI of this Plan, shall elect one or more of the previously described investment options, as applicable, to be used to determine the amounts to be credited or debited to his or her Account. If a Participant does not elect any investment options, the Participant's Account shall automatically be allocated into the lowest-risk investment option, as determined by the Plan Administrator, in its sole discretion. The Participant may (but is not required to) elect to add or delete one or more investment options to be used to determine the amounts to be credited or debited to his or her Account, or to change the portion of his or her Account allocated to each previously or newly elected investment option. If an election is made in accordance with the previous sentence, it shall apply as of the first business day deemed reasonably practicable by the Plan Administrator, in its sole discretion, and shall continue thereafter for each subsequent day in which the Participant participates in the Plan, unless changed in accordance with the previous sentence. Notwithstanding the foregoing, the Plan Administrator, in its sole discretion, may impose limitations on the frequency with which one or more of the investment options elected in accordance with this Section may be added or deleted by such Participant; furthermore, the Plan Administrator, in its sole discretion, may impose limitations on the frequency with which the Participant may change the portion of his or her Account allocated to each previously or newly elected investment option.

f. **Allocation of Investment Options**. In making any election related to investment options, the Participant shall specify, in increments specified by the Plan Administrator, the percentage of his or her Account or investment option, as applicable, to be allocated or reallocated.

g. **No Actual Investment**. Notwithstanding any other provision of this Plan that may be interpreted to the contrary, the investment options are to be used for measurement purposes only, and a Participant's election of any such investment option, the allocation of his or her Account thereto, the calculation of additional amounts and the crediting or debiting of such amounts to a Participant's Account shall not be considered or construed in any manner as an actual investment of his or her Account in any such investment option. In the event that the Company, in its own discretion, decides to invest funds in any or all of the investments on which the investment options are based, no Participant shall have any rights in or to such investments themselves. Without limiting the foregoing, a Participant's Account shall at all times be a bookkeeping entry only and shall not represent any investment made on his or her behalf by the Company; the Participant shall at all times remain an unsecured creditor of the Company.

ARTICLE VI.

PAYMENTS AND DISTRIBUTIONS

h. **Distributions/Events Generally**. Participants generally will not be entitled to receive a distribution of their Account balance until they experience a Separation from Service with the Employer for any reason. A Participant may receive a distribution before Separation from Service, however, in accordance with this Article VI, upon (1) an Unforeseeable Emergency that occurs before Separation from Service, or (2) a year that has been designated by the Participant only with respect to his Pre-2005 Account balance that occurs before Separation from Service. The distribution events and payment terms provided in this Article VI are summarized in Exhibit B.

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

4. General Payments. Subject to the limitations of paragraph (b) below, a Participant, by filing a written request with the Plan Administrator, may, while employed by an Employer or an Affiliate, elect to withdraw 33%, 67% or 100% of his or her Pre-2005 Account.

5. Limitation on In-Service Withdrawals. Any In-Service Withdrawal under paragraph (a) of this Section 6.2 shall be subject to a 10% early distribution penalty. In addition, the following conditions shall apply to In-Service Withdrawals:

    1. Only one In-Service Withdrawal shall be permitted in any 12-month period.

    2. In-Service Withdrawals shall require suspension of Employer credits (but not credits of earnings or losses) under the Plan for a period of time varying with the percentage of the value of the Participant's Pre-2005 Account that is withdrawn, according to the following schedule:

Percentage	Suspension
Up to 33%	2 months
34 - 67%	4 months
68 - 100%	6 months

This suspension shall not affect a Participant's participation in the Basic Plan nor the basis for determining the Employer contributions or Participant Pre-tax Contributions under the Basic Plan.

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

6. Generally. If a Participant experiences a Separation from Service, the provisions of this Section 6.3 shall apply to the distribution of the Participant's Account.

7. Pre-2005 Account.

1. Form of Payment of Pre-2005 Account. The Pre-2005 Account payable under the Plan to a Participant or his or her spouse, Beneficiary, or legal representative shall be paid in the same form under which the Basic Plan benefit is payable to the Participant or his or her spouse, Beneficiary, or legal representative. The Participant's election under the Basic Plan of any optional form of payment of his or her Basic Plan benefit (with the valid consent of his or her surviving spouse where required under the Basic Plan) shall also be applicable to the payment of his or her Pre-2005 Account under the Plan.

2. Timing of Payment of Pre-2005 Account. Payment of the Pre-2005 Account under the Plan to a Participant or his or her spouse, Beneficiary, or legal representative under the Plan shall commence on the same date as payment of the benefit to the Participant or his or her spouse, Beneficiary, or legal representative under the Basic Plan commences. Any election under the Basic Plan made by the Participant with respect to the commencement of payment of his or her benefit under the Basic Plan shall also be applicable with respect to the commencement of payment of his or her Pre-2005 Account under the Plan.

3. Approval by Plan Administrator. Notwithstanding the provisions of paragraphs (i) and (ii) above, an election made by the Participant under the Basic Plan with respect to the form of payment of his or her Pre-2005 Account thereunder (with the valid consent of his or her surviving spouse where required under the Basic Plan), or the date for commencement of payment thereof,

shall not be effective with respect to the form of payment or date for commencement of payment of his or her Pre-2005 Account under the Plan unless such election is expressly approved in writing by the Plan Administrator. If the Plan Administrator shall not approve such election in writing, then the form of payment or date for commencement of payment of the Participant's Pre-2005 Account under the Plan shall be selected by the Plan Administrator at its sole discretion.

8. Post-2004 Account.

4. Form of Payment of Post-2004 Account. The Post-2004 Account shall be payable in a form elected by a Participant no later than December 31, 2005. In the case of an Eligible Employee who becomes a Participant on or after January 1, 2005, an election with respect to the form of payment of a Post-2004 Account shall be made at such time prescribed by the Plan Administrator, which shall end no later than December 31st of the year preceding the Plan Year in which the Participant is first eligible to participate in the Plan.

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

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

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

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

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

5. Timing of Payment of Post-2004 Account. Payment of a Post-2004 Account in accordance with this Section 6.3 shall commence within 45 days after the Participant's date of Separation from

Service, or, if later, within such timeframe permitted under Code Section 409A, and guidance and regulations thereunder.

6. Modifications to Time and Form of Payment. A Participant cannot change the time or form of payment of a Post-2004 Account under this Subsection 6.3(c) unless (A) such election does not take effect until at least 12 months after the date the election is made, (B) in the case of an election related to a payment not related to the Participant's Disability or death, the first payment with respect to which such new election is effective is deferred for a period of not less than five years from the date such payment would otherwise have been made, and (C) any election related to a payment based upon a specific time or pursuant to a fixed schedule may not be made less than 12 months prior to the date of the first scheduled payment.

7. Time of Payment for Specified Employees. Notwithstanding any other provision of the Plan, in no event can a payment of a Post-2004 Account to a Participant who is a Specified Employee, at a time during which the Company's capital stock or capital stock of an Affiliate is publicly traded on an established securities market, in the calendar year of his or her Separation from Service be made before the date that is six months after the date of the Participant's Separation from Service, unless such Separation from Service is due to death.

k. **Unforeseeable Emergency Distributions.**

9. Pre-2005 Account. Upon a finding that a Participant has suffered an Unforeseeable Emergency, the Plan Administrator may, in its sole discretion, make distributions from the Participant's Pre-2005 Account. The amount of such a distribution shall be limited to the amount reasonably necessary to meet the Participant's needs resulting from the Unforeseeable Emergency.

Any distribution pursuant to this Subsection shall be payable in a lump sum. The distribution shall be paid within 30 days after the determination of an Unforeseeable Emergency.

10. Post-2004 Account. Upon a finding that a Participant has suffered an Unforeseeable Emergency, the Plan Administrator may, in its sole discretion, make distributions from the Participant's Post-2004 Account and/or suspend Employer credits entirely in accordance with the guidance under Code Section 409A. The amount of such distribution shall be limited to the amount necessary to satisfy such Unforeseeable Emergency plus amounts necessary to pay taxes reasonably anticipated as a result of

the distribution, after taking into account the extent to which such hardship is or may be relieved through reimbursement or compensation by insurance or otherwise or by liquidation of the Participant's assets (to the extent the liquidation of such assets would not itself cause severe financial hardship). Any distribution pursuant to this Subsection shall be payable in a lump sum. The distribution shall be paid within 30 days after the determination of an Unforeseeable Emergency.

l. **Automatic Cash-Out**. Subject to Section 6.3(c)(4) of the Plan and notwithstanding any other provision in the Plan, if (1) at the time a distribution begins, the sum of the Participant's Pre-2005 Account and Post-2004 Account does not exceed the applicable dollar limit under code Section 402(g)(1)(B), and (2) this sum is the entirety of the Participant's interest in the Plan and all other arrangements that are considered a single nonqualified deferred compensation plan under Code Section 409A and applicable guidance thereunder, the Employer shall distribute the Participant's entire Pre-2005 Account and Post-2004 Account (and the Participant's entire interest under any other arrangement that is required to be aggregated with this Plan under Code Section 409A). The form of payment of both the Pre-2005 Account and Post-2004 Account shall be a single lump sum.

m. **Special Payment Election by December 31, 2006, for Code Section 409A Transition Relief.** Notwithstanding Section 6.3(c), a Participant may change an election with respect to the time and form of payment of a Post-2004 Account, without regard to the restrictions imposed under paragraph (3) of Section 6.3(c), on or before December 31, 2006; provided that such election (A) applies only to amounts that would not otherwise be payable in calendar year 2006, and (B) shall not cause an amount to be paid in calendar year 2006 that would not otherwise be payable in such year.

n. **Withholding for Taxes**. To the extent required by the law in effect at the time payments are made, an Employer shall withhold from the payments made hereunder any taxes required to be withheld by the federal or any state or local government, including any amounts which the Employer determines is reasonably necessary to pay any generation-skipping transfer tax which is or may become due. A Beneficiary, however, may elect not to have withholding of federal income tax pursuant to Code Section 3405(a)(2).

ARTICLE VII.

BENEFICIARY DESIGNATION

o. **Beneficiary Designation**. Each Participant's Beneficiary (both primary as well as secondary) to whom benefits under the Plan shall be paid in the event of the Participant's death prior to complete distribution of the Participant's Account, shall be the Beneficiary that the Participant has selected under the Basic Plan. A Participant may designate a Beneficiary or change a prior Beneficiary designation only by designating or changing a Beneficiary under the Basic Plan.

p. **No Beneficiary Designation**. If any Participant fails to designate a Beneficiary in the manner provided above, if the designation is void or if the Beneficiary designated by a deceased Participant dies before the Participant or before complete distribution of the Participant's benefits, the Participant's Beneficiary shall be the person identified in accordance with the procedures under the Basic Plan.

ARTICLE VIII.

PLAN ADMINISTRATION

q. **Allocation of Duties to Committees**. The Plan shall be administered by the Benefits Committee, as delegated by the Compensation Committee. The Benefits Committee shall have the authority to make, amend, interpret, and enforce all appropriate rules and regulations for the administration of the Plan and decide or resolve any and all questions, including interpretations of the Plan, as may arise in such administration, except as otherwise reserved to the Compensation Committee herein, or by resolution or charter of the respective committees.

In its discretion, the Plan Administrator may delegate to any division or department of the Company the discretionary authority to make decisions regarding Plan administration, within limits and guidelines from time to time established by the Plan Administrator. The delegated discretionary authority shall be exercised by such division or department's senior officer, or his/her delegate. Within the scope of the delegated discretionary authority, such officer or person shall act in the place of the Plan Administrator and his/her decisions shall be treated as decisions of the Plan Administrator.

r. **Agents**. The Plan Administrator may, from time to time, employ agents and delegate to them such administrative duties as it sees fit, and may from time to time consult with counsel who may be counsel to the Company.

s. **Information Required by Plan Administrator.** The Company shall furnish the Plan Administrator with such data and information as the Plan Administrator may deem necessary or desirable in order to administer the Plan. The records of the Company as to an employee's or Participant's period or periods of employment, separation from Service and the reason therefore, reemployment and Compensation will be conclusive on all persons unless determined to the Plan Administrator's satisfaction to be incorrect. Participants and other persons entitled to benefits under the Plan also shall furnish the Plan Administrator with such evidence, data or information as the Plan Administrator considers necessary or desirable to administer the Plan.

t. **Binding Effect of Decisions**. Subject to applicable law, and the provisions of Article VIII, any interpretation of the provisions of the Plan and any decision on any matter within the discretion of the Benefits Committee and/or the Compensation Committee (or any duly authorized delegate of either such committee) and made in good faith shall be binding on all persons.

ARTICLE IX.

CLAIMS PROCEDURE

u. **Claim**. Claims for benefits under the Plan shall be made in writing to the Plan Administrator. The Plan Administrator shall establish rules and procedures to be followed by Participants and Beneficiaries in filing claims for benefits, and for furnishing and verifying proof necessary to establish the right to benefits in accordance with the Plan, consistent with the remainder of this Article.

v. **Review of Claim**. The Plan Administrator shall review all claims for benefits. Upon receipt by the Plan Administrator of such a claim, it shall determine all facts that are necessary to establish the right of the claimant to benefits under the provisions of the Plan and the amount thereof as herein provided within 90 days of receipt of such claim. If prior to the expiration of the initial 90 day period, the Plan Administrator determines additional time is needed to come to a determination on the claim, the Plan Administrator shall provide written notice to the Participant, Beneficiary or other claimant of the need for the extension, not to exceed a total of 180 days from the date the application was received. If the Plan Administrator fails to notify the claimant in writing of the denial of the claim within 90 days after the Plan Administrator receives it, the claim shall be deemed denied.

w. **Notice of Denial of Claim**. If the Plan Administrator wholly or partially denies a claim for benefits, the Plan Administrator shall, within a reasonable period of time, but no later than 90 days after receiving the claim (unless extended as noted above), notify the claimant in writing of the denial of the claim. Such notification shall be written in a manner reasonably expected to be understood by such claimant and shall in all respects comply with the requirements of ERISA, including but not limited to inclusion of the following:

11. the specific reason or reasons for denial of the claim;
12. a specific reference to the pertinent Plan provisions upon which the denial is based;
13. a description of any additional material or information necessary for the claimant to perfect the claim, together with an explanation of why such material or information is necessary; and
14. an explanation of the Plan's review procedure.

x. **Reconsideration of Denied Claim**. Within 60 days of the receipt by the claimant of the written notice of denial of the claim, or within 60 days after the claim is deemed denied as set forth above, if applicable, the claimant or duly authorized representative may file a written request with the Benefits Committee that it conduct a full and fair review of the denial of the claimant's claim for benefits. If the claimant or duly authorized representative fails to request such a reconsideration within such 60 day period, it shall be conclusively determined for all purposes of the Plan that the denial of such claim by the Benefits Committee is correct. In connection with the claimant's appeal of the denial of his or her benefit, the claimant may review documents relevant to the benefit claim and may submit issues and comments in writing.

The Benefits Committee shall render a decision on the claim appeal promptly, but not later than 60 days after receiving the claimant's request for review, unless, in the discretion of the Benefits Committee, special circumstances require an extension of time for processing, in which case the 60-day period may be extended to 120 days. The Benefits Committee shall notify the claimant in writing of any such extension. The notice of decision upon review shall be in writing and shall include specific reasons for the decision, written in a manner calculated to be understood by the claimant, as well as specific references to the pertinent Plan provisions upon which the decision is based. If the decision on review is not furnished within the time period set forth above, the claim shall be deemed denied on review.

If such determination is favorable to the claimant, it shall be binding and conclusive. If such determination is adverse to such claimant, it shall be binding and conclusive unless the claimant or his duly authorized representative notifies the Benefits Committee within 90 days after the mailing or delivery to the claimant by the Benefits Committee of its determination that claimant intends to institute legal proceedings challenging the determination of the Benefits Committee and actually institutes such legal proceedings within 180 days after such mailing or delivery.

y. **Employer to Supply Information**. To enable the Benefits Committee to perform its functions, each Employer shall supply fully and timely information to the Benefits Committee of all matters relating to the retirement, death, or other cause for Separation from Service of all Participants, and such other pertinent facts as the Benefits Committee may require.

ARTICLE X.

PLAN AMENDMENT AND TERMINATION

z. **Plan Amendment**. While the Company intends to maintain the Plan in conjunction with the Basic Plan, the Company or the Compensation Committee reserves the right to amend the Plan at any time and from time to time with respect to eligibility for the Plan, the level of benefits awarded under the Plan and the time and form of payment for benefits from the Plan. The Benefits Committee, the Compensation Committee, or the Board shall have the authority to amend the Plan as described herein. The Compensation Committee or the Board shall have the exclusive authority to amend the Plan regarding eligibility for the Plan, the amount or level of benefits awarded under the Plan, and the time and form of payments for benefits from the Plan. In addition, the Compensation Committee or the Board shall also have the exclusive authority to make amendments that constitute a material increase in Compensation, any change requiring action or consent by a committee of the Board pursuant to the rules of the Securities and Exchange Commission, the New York Stock Exchange or other applicable law, or such other material changes to the Plan such that approval of the Board is required. Unless otherwise determined by the Compensation Committee, the Benefits Committee shall have the authority to amend the Plan in all respects that are not exclusively reserved to the Compensation Committee or the Board.

The respective committee may at any time amend the Plan by written instrument, notice of which is given to all Participants and to Beneficiaries. Notwithstanding the preceding sentence, no amendment shall reduce the amount accrued in any Account prior to the date such notice of the amendment is given.

aa. **Partial Plan Termination**. The Compensation Committee or the Company at any time may partially terminate the Plan provided that such partial termination of the Plan shall not impair or alter any Participant's or Beneficiary's right to the applicable Participant's Account balance as of the effective date of such partial termination. If such a partial termination occurs, no additional Employer credits shall be made after the date of such partial termination other than the crediting of earnings (or losses) until the date of distribution of Participant Account balances. Further, the Plan shall otherwise continue to be administered with respect to Account balances credited before the effective date of such partial termination, and distribution shall be made at such times as specified under this Plan.

ARTICLE XI.

MISCELLANEOUS PROVISIONS

ab. **Unfunded Plan.** The Plan is an unfunded plan maintained primarily to provide deferred compensation benefits for a select group of "management or highly-compensated employees" within the meaning of Sections 201, 301 and 401 of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and therefore is exempt from the provisions of Parts 2, 3 and 4 of Title I of ERISA. Nothing contained in the Plan shall constitute a guaranty by the Company or any other Employer or any other entity or person that the assets of the Company or any other Employer shall be sufficient to pay any benefit hereunder.

ac. **Company and Employer Obligations**. The obligation to make benefit payments to any Participant under the Plan shall be a joint and several liability of the Company and the Employer that employed the Participant.

ad. **Unsecured General Creditor**. Participants and Beneficiaries shall be unsecured general creditors, with no secured or preferential right to any assets of the Company, any other Employer, or any other party for payment of benefits under the Plan. Any life insurance policies, annuity contracts or other property purchased by the Employer in connection with the Plan shall remain its general, unpledged and unrestricted assets. Obligations of the Company and each other Employer under the Plan shall be an unfunded and unsecured promise to pay money in the future.

ae. **Trust Fund**. Subject to Section 12.3, the Company may establish separate subtrusts for deferrals by employees of each Employer, pursuant to a trust agreement entered into with such trustees as the Benefits Committee may approve, for the purpose of providing for the payment of benefits owed under the Plan. At its discretion, each Employer may contribute deferrals under the Plan for its employees to the subtrust established with respect to such Employer under such trust agreement. To the extent any benefits provided under the Plan are paid from any such subtrust, the Employer shall have no further obligation to pay them. If not paid from a subtrust, such benefits shall remain the obligation of the Employer. Although such subtrusts may be irrevocable, their assets shall be held for payment of all the Company's general creditors in the event of insolvency or bankruptcy.

af. **Nonalienation of Benefits**. Neither a Participant nor any other person shall have any right to commute, sell, assign, transfer, pledge, anticipate, mortgage, or otherwise encumber, transfer, hypothecate, or convey in advance of actual receipt the amounts, if any, payable hereunder, or any part thereof or rights to, which are expressly declared to be unassignable and nontransferable. No part of the amounts payable shall, prior to actual payment, be subject to seizure or sequestration for the payment of any debts, judgments, alimony, or separate maintenance owed by a Participant or any other person, nor be transferable by operation of law in the event of a Participant's or any other person's bankruptcy or insolvency.

Notwithstanding the preceding paragraph, the Account of any Participant shall be subject to and payable in the amount determined in accordance with any qualified domestic relations order, as that term is defined in Section 206(d)(3) of ERISA. The Plan Administrator shall provide for payment of such portion of an Account to an alternate payee (as defined in Section 206(d)(3) of ERISA) as soon as administratively possible following receipt of such order. Any federal, state or local income tax associated with such payment shall be the responsibility of the alternate payee. The balance of any Account that is subject to any qualified domestic relations order shall be reduced by the amount of any payment made pursuant to such order.

ag. **Indemnification.**

15. Limitation of Liability. Notwithstanding any other provision of the Plan or any trust established under the Plan, none of the Company, any other Employer, any member of the Benefits Committee or the Compensation Committee, nor any individual acting as an employee, or agent or delegate of any of them, shall be liable to any Participant, former Participant, Beneficiary, or any other person for any claim, loss, liability or expense incurred in connection with the Plan or any trust established under the Plan, except when the same shall have been judicially determined to be due to the willful misconduct of such person.

16. Indemnity. The Company shall indemnify and hold harmless each member of the Benefits Committee and the Compensation Committee, or any employee of the Company or any individual acting as an employee or agent of either of them (to the extent not indemnified or saved harmless under any liability insurance or any other indemnification arrangement with respect to the Plan or any trust established under the Plan) from any and all claims, losses, liabilities, costs and expenses (including attorneys' fees) arising out of any actual or alleged act or failure to act made in good faith pursuant to the provisions of the Plan, including expenses reasonably incurred in the defense of any claim relating thereto with respect to the administration of the Plan or any trust established under the Plan, except that no indemnification or defense shall be provided to any person with

respect to any conduct that has been judicially determined, or agreed by the parties, to have constituted willful misconduct on the part of such person, or to have resulted in his or her receipt of personal profit or advantage to which he or she is not entitled. In connection with the indemnification provided by the preceding sentence, expenses incurred in defending a civil or criminal action, suit or proceeding, or incurred in connection with a civil or criminal investigation, may be paid by the Company in advance of the final disposition of such action, suit, proceeding, or investigation, as authorized by the Benefits Committee or the Compensation Committee in the specific case, upon receipt of an undertaking by or on behalf of the party to be indemnified to repay such amount unless it shall ultimately be determined that the person is entitled to be indemnified by the Company pursuant to this paragraph.

ah. **No Enlargement of Employee Rights**. No Participant or Beneficiary shall have any right to a benefit under the Plan except in accordance with the terms of the Plan. The Plan shall not constitute a contract of employment between an Employer and the Participant. Nothing in the Plan shall give any Participant or Beneficiary the right to be retained in the service of an Employer or to interfere with the right of an Employer to discipline or discharge a Participant at any time.

ai. **Protective Provisions**. A Participant shall cooperate with his Employer by furnishing any and all information requested by the Employer in order to facilitate the payment of benefits hereunder, and by taking such physical examinations as the Employer may deem necessary and taking such other action as may be requested by the Employer.

aj. **Governing Law**. The Plan shall be construed and administered under the laws of the State of Indiana, except to the extent preempted by applicable federal law.

ak. **Validity**. In case any provision of the Plan shall be held illegal or invalid for any reason, said illegality or invalidity shall not affect the remaining parts hereof, but the Plan shall be construed and enforced as if such illegal and invalid provision had never been inserted herein.

al. **Notice**. Any notice required or permitted under the Plan shall be sufficient if in writing and hand delivered or sent by registered or certified mail. Such notice shall be deemed as given as of the date of delivery or, if delivery is made by mail, as of the date shown on the postmark on the receipt for registration or certification. Mailed notice to the Benefits Committee shall be directed to the Company's address. Mailed notice to a Participant or Beneficiary shall be directed to the individual's last known address in the applicable Employer's records.

am. **Successors**. The provisions of the Plan shall bind and inure to the benefit of the Employers and their successors and assigns. The term successors as used herein shall include any corporate or other business entity that shall, whether by merger, consolidation, purchase, or otherwise, acquire all or substantially all of the business and assets of an Employer, and successors of any such corporation or other business entity.

an. **Incapacity of Recipient**. If any person entitled to a benefit payment under the Plan is deemed by the Plan Administrator to be incapable of personally receiving and giving a valid receipt for such payment, then the Plan Administrator may direct payment to the duly appointed guardian, conservator or other similar legal representative of the Participant or Beneficiary to whom payment is due. In the absence of such a legal representative, the Plan Administrator may, in its sole and absolute discretion, make payment to a person having the care and custody of a minor, incompetent or person incapable of handling the disposition of property upon proof satisfactory to the Plan Administrator of incompetency, status as a minor, or incapacity. Such distribution shall completely discharge the Company, any other Employer, the Plan Administrator, and the Plan from all liability with respect to such benefit.

ao. **Unclaimed Benefit**. Each Participant shall keep the Plan Administrator informed of his or her current address and the current address of his or her Beneficiaries. The Plan Administrator shall not be obligated to search for the whereabouts of any person. If the location of a Participant is not made known to the Plan Administrator within three years after the date on which payment of the Participant's benefit may first be made, payment may be made as though the Participant had died at the end of the three-year period. If, within one additional year after such three-year period has elapsed or within three years after the actual death of a Participant, the Plan Administrator is unable to locate any Beneficiary of the Participant, then the Plan Administrator shall have no further obligation to pay any benefit hereunder to such Participant, Beneficiary, or any other person and such benefit shall be irrevocably forfeited.

ap. **Tax Compliance and Payouts.**

17. It is intended that the Plan comply with the provisions of Code Section 409A of the Code, so as to prevent the inclusion in gross income of any amounts deferred hereunder in a taxable year that is prior to the taxable year or years in which such amounts would otherwise actually be paid or made available to Participants or Beneficiaries. This Plan shall be construed, administered, and governed in a manner that affects such intent, and neither any Participant, Beneficiary, nor Plan Administrator shall not take any action that would be inconsistent with such intent.

18. Although the Plan Administrator shall use its best efforts to avoid the imposition of taxation, interest and penalties under Code Section 409A, the tax treatment of deferrals under this Plan is not warranted or guaranteed. Neither the Company, the other Affiliates, the Plan Administrator, the Retirement Committee, nor any designee shall be held liable for any taxes, interest, penalties or other monetary amounts owed by any Participant, Beneficiary or other taxpayer as a result of the Plan.

19. Notwithstanding anything to the contrary contained herein, (1) in the event that the Internal Revenue Service prevails in its claim that any amount of a Pre-2005 Account, payable pursuant to the Plan and held in the general assets of the Company or any other Employer, constitutes taxable income to a Participant or his or her Beneficiary for a taxable year prior to the

taxable year in which such amount is distributed to him or her, or (2) in the event that legal counsel satisfactory to the Company, and the applicable Participant or his or her Beneficiary, renders an opinion that the Internal Revenue Service would likely prevail in such a claim, the amount of such Pre-2005 Account held in the general assets of the Company or any other Employer, to the extent constituting taxable income, shall be immediately distributed to the Participant or his or her Beneficiary. For purposes of this Section, the Internal Revenue Service shall be deemed to have prevailed in a claim if such claim is upheld by a court of final jurisdiction, or if the Participant or Beneficiary, based upon an opinion of legal counsel satisfactory to the Company and the Participant or his or her Beneficiary, fails to appeal a decision of the Internal Revenue Service, or a court of applicable jurisdiction, with respect to such claim, to an appropriate Internal Revenue Service appeals authority or to a court of higher jurisdiction within the appropriate time period.

20. Notwithstanding anything to the contrary contained herein, (1) in the event that the Internal Revenue Service prevails in its claim that any amount of a Post-2004 Account, payable pursuant to the Plan and held in the general assets of the Company or any other Employer, constitutes taxable income under Code Section 409A, and guidance and regulations thereunder, to a Participant or his or her Beneficiary for a taxable year prior to the taxable year in which such amount is distributed to him or her, or (2) in the event that legal counsel satisfactory to the Company, and the applicable Participant or his or her Beneficiary, renders an opinion that the Internal Revenue Service would likely prevail in such a claim, the amount of such Post-2004 Account held in the general assets of the Company or any other Employer, to the extent constituting such taxable income, shall be immediately distributed to the Participant or his or her Beneficiary. For purposes of this Section, the Internal Revenue Service shall be deemed to have prevailed in a claim if such claim is upheld by a court of final jurisdiction, or if the Participant or Beneficiary, based upon an opinion of legal counsel satisfactory to the Company and the Participant or his or her Beneficiary, fails to appeal a decision of the Internal Revenue Service, or a court of applicable jurisdiction, with respect to such claim, to an appropriate Internal Revenue Service appeals authority or to a court of higher jurisdiction within the appropriate time period.

aq. **General Conditions**. Except as otherwise expressly provided herein, all terms and conditions of the Basic Plan applicable to a Basic Plan benefit shall also be applicable to a benefit payable hereunder. Any Basic Plan benefit shall be paid solely in accordance with the terms and conditions of the Basic Plan and nothing in the Plan shall operate or be construed in any way to modify, amend or affect the terms and provisions of the Basic Plan.

[signature block follows on next page]

IN WITNESS WHEREOF, NiSource Inc. has caused this amended and restated Savings and Restoration Plan for NiSource Inc. and Affiliates to be executed in its name, by its duly authorized officer, effective as of November 1, 2020.

NISOURCE INC.

By:___________

Its:___________

Date:___________

i.

History of the Plan

Prior to January 1, 2004, Columbia Energy Group sponsored the Savings Restoration Plan for Columbia Energy Group for eligible executives of Columbia Energy Group and certain Affiliates. Effective January 1, 2004, NiSource Inc., the parent company of Columbia Energy Group, assumed sponsorship of the Savings Restoration Plan for Columbia Energy Group, renamed the Plan the Savings Restoration Plan for NiSource Inc. and Affiliates, and broadened the Plan to include all employees of NiSource Inc. and Affiliates.

The Plan was amended and restated effective January 1, 2004, and amended effective January 1, 2005. The Plan was then amended and restated again effective January 1, 2005, to comply with Code Section 409A, and guidance and regulations thereunder, with respect to benefits earned under the Plan from and after January 1, 2005. Benefits under the Plan earned and vested prior to January 1, 2005 shall be administered without giving effect to Code Section 409A, and guidance and regulations thereunder. The provisions of the Plan as set forth herein apply only to Participants who actively participate in the Plan on or after January 1, 2005. Any Participant who retired or otherwise terminated employment with the Company and all Affiliates prior to January 1, 2005 shall have his or her rights determined under the provision of the Plan as it existed when his or her employment relationship terminated.

The Plan was further amended and restated, effective January 1, 2008, to provide for mandatory lump sum payments of small account balances in accordance with Code Section 409A. The Plan was amended and restated again, effective January 1, 2010, to contain provisions that eliminate mid-year enrollment into the Plan and to allow Participants who make Roth Contributions to a Basic Plan to participate in this Plan. The plan was further amended and restated, effective January 1, 2010, to restore certain Employer Contributions given to Participants who are classified as “exempt employees” by the Employer and who are hired or rehired on or after January 1, 2010.

The Plan was amended and restated again, effective May 13, 2011, to restore Profit Sharing Contributions that otherwise would have been contributed to Participants under the Basic Plan (if not subject to the Limits, defined below) and to transfer all administrative authority with respect to the Plan (including the authority to render decisions on claims and appeals and make administrative or ministerial amendments) from the Compensation Committee to the Benefits Committee. The Plan was again amended and restated, effective January 1, 2012, to (1) remove the ability of participants to make elective deferrals to the Plan; (2) change eligibility to receive Employer credits under the Plan to those employees who are in job scope level C2 and above; (3) provide for investment options in addition to the fixed interest credits currently available for the crediting of earnings on Accounts under the Plan; and (4) clarify other administrative matters related to the Plan. The Plan was amended and restated again, effective October 22, 2012, to allow certain grandfathered participants in the DCP to receive employer credits to be made under this Plan in 2013 and beyond related to any Profit Sharing Contributions and Next-Gen Contributions that otherwise would have been credited to their accounts under the Basic Plan but were not credited because their DCP deferrals are excluded from Basic Plan compensation for purposes of such contributions. The Plan was amended and restated again, effective August 10, 2017, to revise the procedures for determining Disability under the Plan.

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

ii.

Summary of Payment Terms
(Attached)

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

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

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

Exhibit 10.7

NiSource

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

REVISED: October 19, 2020

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

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

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

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

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

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

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

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

5. Conditions to Receipt of Benefits.

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

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

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

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

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

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

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

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

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

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

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

7. Benefits.

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

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

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

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

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

11. Amendment or Termination.

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

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

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

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

13. Miscellaneous Provisions.

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

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

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

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

The claimant will have 60 days after the date of the denial to ask for a review and a hearing. The claimant must file a written request with the Committee for a review. During this time the claimant may review pertinent documents and may submit issues and comments in writing. The Participant will be provided, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to his or her claim for benefits. The Committee will have another 60 days in which to consider the claimant's request for review. If special circumstances require an extension of time for processing, the Committee may have an additional 60 days to answer the claimant. The claimant will receive a written notice if the extra days are needed. The claimant may submit in writing any document, issues and comments he or she may wish. The decision of the Committee will tell the claimant the specific reasons for its actions, and refer the claimant to the specific Policy provisions upon which its decision is based. If the decision on review is not furnished within the time period set forth above, the claim shall be deemed denied on review.

If such determination is favorable to the claimant, it shall be binding and conclusive. If such determination is adverse to such claimant, it shall be binding and conclusive unless the claimant or his or her duly authorized representative notifies the Committee within 90 days after the mailing or delivery to the claimant by the Committee of its determination that claimant intends to institute legal proceedings challenging the determination of the Committee and actually institutes such legal proceedings within 180 days after such mailing or delivery

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

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

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

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

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

17. Policy Facts.

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

18. Code Section 409A.

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

Exhibit 10.8

NiSource Next

Voluntary Separation Program

Effective as of August 5, 2020

NiSource Next

Voluntary Separation Program

Effective as of August 5, 2020

SECTION 1.

INTRODUCTION

i. Purpose

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

ii. Effective Date, Plan Year.

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

iii. Administration.

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

iv. Plan Supplements.

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

SECTION 2.

ELIGIBILITY

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

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

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

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

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

SECTION 3.

PARTICIPATION AND PLAN BENEFITS

i. Participation

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

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

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

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

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

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

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

ii. Benefits Not Payable.

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

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

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

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

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

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

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

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

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

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

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

iii. Amount of Benefits.

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

iv. Benefit Limitation.

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

v. Offset for Other Benefits.

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

SECTION 4.

PAYMENT OF BENEFITS

i. Release and Deduction Authorization.

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

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

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

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

ii. Release Deadline.

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

iii. Time and Form of Payment.

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

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

SECTION 5.

FINANCING PLAN BENEFITS

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

SECTION 6.

REEMPLOYMENT

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

SECTION 7.

MISCELLANEOUS

i. Information to be Furnished by Participants.

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

ii. Employment Rights.

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

iii. Committee's Decision Final.

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

iv. Evidence.

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

v. Uniform Rules.

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

vi. Gender and Number.

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

vii. Controlling Laws and Venue.

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

viii. Interests Not Transferable.

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

ix. Facility of Payment.

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

x. Severability.

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

xi. Withholding and Deduction.

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

xii. Effect on Other Plans or Agreements.

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

xiii. Participating Employers.

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

xiv. Code Section 409A.

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

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

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

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

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

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

SECTION 8.

CLAIMS PROCEDURE

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

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

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

The Claims Administrator will have 60 days in which to consider the claimant's request for review, except that under special circumstances that require an extension of time for processing, the Claims Administrator may have an additional 60 days to answer the claimant. The claimant will receive a written notice if the extra days are needed. The Claims Administrator will notify the claimant of its decision on review in writing. Such notification will be written in a manner calculated to be understood by the claimant and will contain the following: (a) the specific reason or reasons for the adverse determination, (b) reference to the specific Plan provisions on which the benefit determination is based, (c) a statement that the claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the claimant's claim for benefits, and (d) a statement of the claimant's right to bring a civil action under ERISA Section 502(a) following the final benefit determination on appeal. If the decision on review is not furnished within the time period set forth above, the claim shall be deemed denied on review.

If such determination is favorable to the claimant, it shall be binding and conclusive. If such determination is adverse to such claimant, it shall be binding and conclusive unless the claimant or the claimant's duly authorized representative notifies the Claims Administrator within 90 days after the mailing or delivery to the claimant by the Claims Administrator of its determination on appeal that claimant intends to institute legal proceedings challenging the determination of the Claims Administrator and actually institutes such legal proceedings within 180 days after such mailing or delivery.

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

SECTION 9.

AMENDMENT AND TERMINATION

i. Amendment and Termination.

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

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

NiSource Inc.

By: /s/ Kenneth E. Keener

Its: SVP, CHRO

OFFERING ONE - SUPPLEMENT

OFFICER AND DIRECTOR LEVEL EMPLOYEES

A. Eligible Group

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

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

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

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

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

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

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

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

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

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

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

B. Severance Benefits

1. Severance Pay

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

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

2. Medical, Dental and Vision Benefits.

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

3. Outplacement Services.

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

Exhibit 10.9

October 19, 2020

Carrie Hightman

Dear Carrie:

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

1. Transition Period

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

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

2. Business Transition

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

3. Severance Benefits

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

4. Other Benefits

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

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

5. COBRA Coverage

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

6. NiSource Re-Employment

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

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

7. Return of Property

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

8. Confidentiality

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

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

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

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

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

9. Release of Claims

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

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

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

10. <u>Rights Reserved</u>

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

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

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

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

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

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

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

11. Affirmations

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

12. Non-Disparagement

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

13. Outstanding Charges and Expenses

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

14. Outplacement Assistance

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

15. Governing Law

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

16. Severability

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

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

18. Supplemental Release

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

19. Section 409A of the Internal Revenue Code

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

20. Complete Agreement

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

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

21. **Important Information**

You acknowledge and agree that:

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

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

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

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

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

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

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

22. Revocation Period

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

23. Acceptance and Effective Date

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

Very truly yours,

Ken Keener
SVP & Chief Human Resource Officer

Acceptance:

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

/s/ Carrie Hightman
____
Carrie Hightman

October 19, 2020
____
Date

/s/ [signature]
____
WITNESS

FOR THE COMPANY:

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

October 19, 2020
____
Date

EXHIBIT A
SUPPLEMENTAL RELEASE OF CLAIMS

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

1. Release of Claims.

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

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

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

2. Rights Reserved

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

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

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

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

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

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

Notwithstanding your reservation of the foregoing rights, you understand and agree that by signing this Release, you are waiving rights to individual relief (including backpay, frontpay, reinstatement or other legal or equitable relief) in any charge, complaint, or lawsuit brought by you or on your behalf, except for any right you may have to receive a payment from a government agency (not the Company or any of its affiliates) for information provided to the government agency.

3. Affirmations

You affirm that you have not filed, caused to be filed, and are not presently a party to any claim, complaint, or action against any of the Released Parties in any forum or form, or if there are such claims, complaints or actions pending, you agree to withdraw and/or dismiss all such claims, complaints or actions that may be legally withdrawn and/or legally dismissed prior to the receipt of the severance payment. You also affirm that you are not aware of any other claim you may have against the Released Parties. You further affirm that you have reported all hours worked as of your Separation Date (as defined in the Letter Agreement) and have been paid and/or have received all leave (paid or unpaid), compensation, wages, bonuses, commission, and/ or benefits to which you may be entitled and that no other leave (paid or unpaid), compensation, wages, bonuses, commission and/or benefits are due to you, except as provided in this Letter Agreement. You also affirm that you have no known workplace injuries or occupational diseases. You also represent that you are not aware of any facts on which a claim under the Fair Labor Standards Act, the Attorney Fees in Wage Action Act, or under applicable state minimum wage or leave laws could be brought. Notwithstanding the foregoing, nothing herein is intended to limit any rights you may have pursuant to paragraph 3 of this Release.

4. Governing Law

This Release shall be construed in accordance with the laws of the State of Indiana, including all matters of construction, validity and performance, to the extent not preempted by federal law, and that any action brought by any party hereunder may be instituted and maintained only in the appropriate court having jurisdiction over Lake County, Indiana.

5. Severability

In the event that one or more of the provisions contained in this Release shall for any reason be held to be invalid, illegal or unenforceable in any respect, you and the Company shall have the option to cancel it.

6. **Important Information**

You acknowledge and agree that:

a. You have 21 days from your receipt of this Release within which to review and consider signing the Release (the "Consideration Period") and any changes made to the Release, whether material or immaterial, do not restart the Consideration Period;

b. You have been and are hereby advised in writing to consult with an attorney of your choice prior to signing this Release;

c. You have read and fully understand the terms of this Release and have knowingly, voluntarily and of your own free will agreed to those terms for the purpose of fully and finally compromising and settling any and all claims, disputed or otherwise, of any kind or nature that you ever had or may now have against any Released Party arising out of your employment by, and/or separation of employment from, the Company or any of its affiliates, and arising out of any other matter, whether known or unknown to you at the time of execution of this Release, to the extent permitted by law;

d. Your acceptance of the terms and conditions outlined in the Letter Agreement is in lieu of any and all other severance programs offered by the Company and any of its affiliates and you knowingly and voluntarily waive participation in all other severance programs offered by the Company or any of its affiliates.

e. You are not waiving any claims that may arise after the execution of this Release under the Age Discrimination in Employment Act, or otherwise; and

f. The Company's performance under the Letter Agreement constitutes full and complete payment of all amounts due to you from the Company and provides additional consideration to which you are not otherwise entitled as a result of your separation from the Company's employ.

7. Revocation Period

You understand and agree that you have seven days following your execution of this Release (the “Revocation Period”) to revoke it, and that if you elect to revoke it, the Letter Agreement and this Release shall be null and void in its entirety. To effectively revoke this Release, you must do so in writing and deliver your notice of revocation, so that it arrives prior to the close of business on the last day of the Revocation Period, to: Ken Keener, SVP & Chief Human Resource Officer, 290 W. Nationwide Boulevard, Columbus, OH 43215.

8. Acceptance and Effective Date

To accept this Release, you must sign and date both copies of the Release in the space provided below to signify your acceptance, and return the Release to Ken Keener, SVP & Chief Human Resource Officer, 290 W. Nationwide Boulevard, Columbus, OH 43215 prior to the close of business (i.e., 5:00 p.m. Eastern time) on the last day of the Consideration Period. This Release shall become effective and irrevocable automatically upon the expiration of the Revocation Period if it is not revoked in the manner discussed in the preceding paragraph.

Very truly yours,

Ken Keener
SVP & Chief Human Resource Officer

Acceptance:

I acknowledge that I have read and understand the provisions of this Release and represent that the execution of this Release constitutes my knowing and voluntary act, made without coercion or intimidation. I understand and agree that this Release is not enforceable or binding upon me, my heirs, executors, and administrators unless or until such time that it is signed by me and a representative of the Company below.

TO BE SIGNED AFTER THE SEPARATION DATE

____
Carrie Hightman

____
Date

____
WITNESS

FOR THE COMPANY:

____
Ken Keener, SVP & Chief Human Resource Officer
NOTE: TO BE SIGNED AFTER THE EMPLOYEE SIGNS ABOVE.

____
Date

Exhibit 31.1

Certification Pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002

I, Joseph Hamrock, certify that:

1. I have reviewed this Quarterly Report of NiSource Inc. on Form 10-Q for the quarter ended September 30, 2020;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 2, 2020

By: /s/ Joseph Hamrock

Joseph Hamrock
President and Chief Executive Officer

Exhibit 31.2

Certification Pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002

I, Donald E. Brown, certify that:

1. I have reviewed this Quarterly Report of NiSource Inc. on Form 10-Q for the quarter ended September 30, 2020;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 2, 2020 By: /s/ Donald E. Brown

Donald E. Brown
Executive Vice President, Chief Financial Officer, and
President of NiSource Corporate Services

Exhibit 32.1

Certification Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of NiSource Inc. (the "Company") on Form 10-Q for the quarter ending September 30, 2020 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Joseph Hamrock, Chief Executive Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Joseph Hamrock

Joseph Hamrock
President and Chief Executive Officer

Date: November 2, 2020

Exhibit 32.2

Certification Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of NiSource Inc. (the “Company”) on Form 10-Q for the quarter ending September 30, 2020 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Donald E. Brown, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Donald E. Brown

Donald E. Brown
Executive Vice President, Chief Financial Officer, and President of
NiSource Corporate Services

Date: November 2, 2020

FORM 10-Q
JUNE 30, 2020

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2020

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ______ to ______

Commission file number 001-16189

NiSource Inc.

(Exact name of registrant as specified in its charter)

DE	35-2108964
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
801 East 86th Avenue Merrillville, IN	46410
(Address of principal executive offices)	(Zip Code)

(877) 647-5990
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common Stock, par value $0.01 per share	NI	NYSE
Depositary Shares, each representing a 1/1,000th ownership interest in a share of 6.50% Series B Fixed-Rate Reset Cumulative Redeemable Perpetual Preferred Stock, par value $0.01 per share, liquidation preference $25,000 per share and a 1/1,000th ownership interest in a share of Series B-1 Preferred Stock, par value $0.01 per share, liquidation preference $0.01 per share	NI PR B	NYSE

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files.)

Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☑ Accelerated filer ☐ Emerging growth company ☐ Non-accelerated filer ☐ Smaller reporting company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes ☐ No ☑

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: Common Stock, $0.01 Par Value: 383,023,038 shares outstanding at July 30, 2020.

NISOURCE INC.
FORM 10-Q QUARTERLY REPORT
FOR THE QUARTER ENDED JUNE 30, 2020

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DEFINED TERMS

The following is a list of frequently used abbreviations or acronyms that are found in this report:

NiSource Subsidiaries, Affiliates and Former Subsidiaries	
Columbia of Kentucky	Columbia Gas of Kentucky, Inc.
Columbia of Maryland	Columbia Gas of Maryland, Inc.
Columbia of Massachusetts	Bay State Gas Company
Columbia of Ohio	Columbia Gas of Ohio, Inc.
Columbia of Pennsylvania	Columbia Gas of Pennsylvania, Inc.
Columbia of Virginia	Columbia Gas of Virginia, Inc.
NIPSCO	Northern Indiana Public Service Company LLC
NiSource ("we," "us" or "our")	NiSource Inc.
Abbreviations and Other	
ACE	Affordable Clean Energy
AFUDC	Allowance for funds used during construction
AOCI	Accumulated Other Comprehensive Income (Loss)
ASC	Accounting Standards Codification
ASU	Accounting Standards Update
ATM	At-the-market
BTA	Build-transfer agreement
CARES Act	The Coronavirus Aid, Relief and Economic Security Act provides more than $2 trillion to battle COVID-19 and its economic effects, including various types of economic relief for impacted business and industries.
CCRs	Coal Combustion Residuals
CEP	Capital Expenditure Program
CERCLA	Comprehensive Environmental Response Compensation and Liability Act (also known as Superfund)
COVID-19	Novel Coronavirus 2019
DSIC	Distribution System Improvement Charge
DPU	Department of Public Utilities
ELG	Effluent limitations guidelines
EPA	United States Environmental Protection Agency
EPS	Earnings per share
FAC	Fuel adjustment clause
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission
FMCA	Federally Mandated Cost Adjustment
GAAP	Generally Accepted Accounting Principles
GCA	Gas cost adjustment
GCR	Gas cost recovery
GHG	Greenhouse gases
GSEP	Gas System Enhancement Program
GWh	Gigawatt hours
IRP	Infrastructure Replacement Program
IURC	Indiana Utility Regulatory Commission
LIBOR	London InterBank Offered Rate
MA DOR	Massachusetts Department of Revenue

DEFINED TERMS

Massachusetts Business	All of the assets being sold to, and liabilities being assumed by, Eversource pursuant to the Asset Purchase Agreement
MGP	Manufactured Gas Plant
MISO	Midcontinent Independent System Operator
MMDth	Million dekatherms
MW	Megawatts
MWh	Megawatt hours
NTSB	National Transportation Safety Board
NYMEX	New York Mercantile Exchange
OPEB	Other Postretirement Benefits
PHMSA	Pipeline and Hazardous Materials Safety Administration
PPA	Power Purchase Agreement
PSC	Public Service Commission
PTC	Production tax credit
PUC	Public Utilities Commission
PUCO	Public Utilities Commission of Ohio
RCRA	Resource Conservation and Recovery Act
RFP	Request for proposals
SAVE	Steps to Advance Virginia's Energy Plan
SEC	Securities and Exchange Commission
SMRP	Safety Modification and Replacement Program
STRIDE	Strategic Infrastructure Development Enhancement
TCJA	An Act to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018 (commonly known as the Tax Cuts and Jobs Act of 2017)
TDSIC	Transmission, Distribution and Storage System Improvement Charge
VSCC	Virginia State Corporation Commission

Note regarding forward-looking statements

This Quarterly Report on Form 10-Q contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Investors and prospective investors should understand that many factors govern whether any forward-looking statement contained herein will be or can be realized. Any one of those factors could cause actual results to differ materially from those projected. These forward-looking statements include, but are not limited to, statements concerning our plans, strategies, objectives, expected performance, expenditures, recovery of expenditures through rates, stated on either a consolidated or segment basis, and any and all underlying assumptions and other statements that are other than statements of historical fact. All forward-looking statements are based on assumptions that management believes to be reasonable; however, there can be no assurance that actual results will not differ materially.

Factors that could cause actual results to differ materially from the projections, forecasts, estimates and expectations discussed in this Quarterly Report on Form 10-Q include, among other things, our debt obligations; any changes to our credit rating or the credit rating of certain of our subsidiaries; our ability to execute our growth strategy; changes in general economic, capital and commodity market conditions; pension funding obligations; economic regulation and the impact of regulatory rate reviews; our ability to obtain expected financial or regulatory outcomes; our ability to adapt to, and manage costs related to, advances in technology; any changes in our assumptions regarding the financial implications of the Greater Lawrence Incident; compliance with the agreements entered into with the U.S. Attorney's Office to settle the U.S. Attorney's Office's investigation relating to the Greater Lawrence Incident; the pending sale of the Massachusetts Business, including the terms and closing conditions under the Asset Purchase Agreement; potential incidents and other operating risks associated with our business; continuing and potential future impacts from the COVID-19 pandemic; our ability to obtain sufficient insurance coverage and whether such coverage will protect us against significant losses; the outcome of legal and regulatory proceedings, investigations, incidents, claims and litigation; any damage to our reputation, including in connection with the Greater Lawrence Incident; compliance with applicable laws, regulations and tariffs; compliance with environmental laws and the costs of associated liabilities;

fluctuations in demand from residential commercial and industrial customers; economic conditions of certain industries; the success of NIPSCO's electric generation strategy; the price of energy commodities and related transportation costs; the reliability of customers and suppliers to fulfill their payment and contractual obligations; potential impairment of goodwill; changes in taxation and accounting principles; the impact of an aging infrastructure; the impact of climate change; potential cyber-attacks; construction risks and natural gas costs and supply risks; extreme weather conditions; the attraction and retention of a qualified workforce; the ability of our subsidiaries to generate cash; our ability to manage new initiatives and organizational changes; the performance of third-party suppliers and service providers; changes in the method for determining LIBOR and the potential replacement of the LIBOR benchmark interest rate; and other matters in the "Risk Factors" section of our Annual Report on Form 10-K for the fiscal year ended December 31, 2019, and in our Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2020, many of which risks are beyond our control. In addition, the relative contributions to profitability by each business segment, and the assumptions underlying the forward-looking statements relating thereto, may change over time.

All forward-looking statements are expressly qualified in their entirety by the foregoing cautionary statements. We undertake no obligation to, and expressly disclaim any such obligation to, update or revise any forward-looking statements to reflect changed assumptions, the occurrence of anticipated or unanticipated events or changes to the future results over time or otherwise, except as required by law.

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PART I

ITEM 1. FINANCIAL STATEMENTS

NiSource Inc.
Condensed Statements of Consolidated Income (Loss) (unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
(in millions, except per share amounts)	**2020**	2019	**2020**	2019
Operating Revenues				
Customer revenues	**$ 932.7**	$ 969.2	**$ 2,458.6**	$ 2,803.7
Other revenues	**30.0**	41.2	**109.6**	76.5
Total Operating Revenues	**962.7**	1,010.4	**2,568.2**	2,880.2
Operating Expenses				
Cost of sales (excluding depreciation and amortization)	**188.4**	253.5	**650.8**	933.8
Operation and maintenance	**353.1**	49.2	**797.7**	601.6
Depreciation and amortization	**177.5**	177.9	**361.8**	353.0
Loss on classification as held for sale	**84.4**	—	**364.6**	—
Loss (gain) on sale of fixed assets and impairments, net	**(0.6)**	(0.1)	**(0.7)**	0.1
Other taxes	**68.2**	66.4	**154.1**	154.0
Total Operating Expenses	**871.0**	546.9	**2,328.3**	2,042.5
Operating Income	**91.7**	463.5	**239.9**	837.7
Other Income (Deductions)				
Interest expense, net	**(97.0)**	(94.1)	**(189.9)**	(189.7)
Other, net	**6.5**	(0.3)	**11.9**	(1.0)
Total Other Deductions, Net	**(90.5)**	(94.4)	**(178.0)**	(190.7)
Income before Income Taxes	**1.2**	369.1	**61.9**	647.0
Income Taxes	**5.9**	72.2	**(9.0)**	131.2
Net Income (Loss)	**(4.7)**	296.9	**70.9**	515.8
Preferred dividends	**(13.8)**	(13.8)	**(27.6)**	(27.6)
Net Income (Loss) Available to Common Shareholders	**(18.5)**	283.1	**43.3**	488.2
Earnings (Loss) Per Share				
Basic Earnings (Loss) Per Share	**$ (0.05)**	$ 0.76	**$ 0.11**	$ 1.31
Diluted Earnings (Loss) Per Share	**$ (0.05)**	$ 0.75	**$ 0.11**	$ 1.30
Basic Average Common Shares Outstanding	**383.5**	373.9	**383.3**	373.6
Diluted Average Common Shares	**383.5**	375.2	**384.2**	374.9

The accompanying Notes to Condensed Consolidated Financial Statements (unaudited) are an integral part of these statements.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Condensed Statements of Consolidated Comprehensive Income (Loss) (unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
(in millions, net of taxes)	**2020**	2019	**2020**	2019
Net Income (Loss)	**$ (4.7)**	$ 296.9	**$ 70.9**	$ 515.8
Other comprehensive income (loss):				
Net unrealized gain on available-for-sale debt securities[1]	**5.7**	2.1	**0.3**	4.9
Net unrealized gain (loss) on cash flow hedges[2]	**2.7**	(30.5)	**(130.6)**	(49.8)
Unrecognized pension and OPEB benefit[3]	**0.3**	0.4	**1.0**	1.3
Total other comprehensive income (loss)	**8.7**	(28.0)	**(129.3)**	(43.6)
Comprehensive Income (Loss)	**$ 4.0**	$ 268.9	**$ (58.4)**	$ 472.2

[1] Net unrealized gain on available-for-sale debt securities, net of $1.5 million and $0.6 million tax expense in the second quarter of 2020 and 2019, respectively, and $0.1 million and $1.3 million tax expense for the six months ended 2020 and 2019, respectively.
[2] Net unrealized gain (loss) on cash flow hedges, net of $0.9 million tax expense and $10.0 million tax benefit in the second quarter of 2020 and 2019, respectively, and $43.2 million and $16.5 million tax benefit for the six months ended 2020 and 2019, respectively.
[3] Unrecognized pension and OPEB benefit, net of $0.2 million and $0.1 million tax expense in the second quarter of 2020 and 2019, respectively, and $0.1 million tax benefit and $0.5 million tax expense for the six months ended 2020 and 2019, respectively.

The accompanying Notes to Condensed Consolidated Financial Statements (unaudited) are an integral part of these statements.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Condensed Consolidated Balance Sheets (unaudited)

(in millions)		**June 30, 2020**		December 31, 2019
ASSETS				
Property, Plant and Equipment				
Utility plant	**$**	**20,427.1**	$	24,502.6
Accumulated depreciation and amortization		**(5,549.0)**		(7,609.3)
Net utility plant		**14,878.1**		16,893.3
Other property, at cost, less accumulated depreciation		**894.3**		18.9
Net Property, Plant and Equipment		**15,772.4**		16,912.2
Investments and Other Assets				
Unconsolidated affiliates		**1.4**		1.3
Available-for-sale debt securities (amortized cost of $151.4 and $150.1, allowance for credit losses of $0.8 and $0, respectively)		**155.2**		154.2
Other investments		**72.6**		74.7
Total Investments and Other Assets		**229.2**		230.2
Current Assets				
Cash and cash equivalents		**142.2**		139.3
Restricted cash		**11.4**		9.1
Accounts receivable		**577.1**		876.1
Allowance for credit losses		**(31.4)**		(19.2)
Accounts receivable, net		**545.7**		856.9
Gas inventory		**112.4**		250.9
Materials and supplies, at average cost		**131.8**		120.2
Electric production fuel, at average cost		**67.6**		53.6
Exchange gas receivable		**17.9**		48.5
Assets held for sale		**1,542.3**		—
Regulatory assets		**145.7**		225.7
Prepayments and other		**142.6**		149.7
Total Current Assets		**2,859.6**		1,853.9
Other Assets				
Regulatory assets		**1,926.3**		2,013.9
Goodwill		**1,485.9**		1,485.9
Deferred charges and other		**163.1**		163.7
Total Other Assets		**3,575.3**		3,663.5
Total Assets	**$**	**22,436.5**	$	22,659.8

The accompanying Notes to Condensed Consolidated Financial Statements (unaudited) are an integral part of these statements.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Condensed Consolidated Balance Sheets (unaudited) (continued)

(in millions, except share amounts)		**June 30, 2020**		December 31, 2019
CAPITALIZATION AND LIABILITIES				
Capitalization				
Stockholders' Equity				
Common stock - $0.01 par value, 600,000,000 shares authorized; 382,917,033 and 382,135,680 shares outstanding, respectively	**$**	**3.8**	$	3.8
Preferred stock - $0.01 par value, 20,000,000 shares authorized; 440,000 shares outstanding		**880.0**		880.0
Treasury stock		**(99.9)**		(99.9)
Additional paid-in capital		**6,676.5**		6,666.2
Retained deficit		**(1,576.7)**		(1,370.8)
Accumulated other comprehensive loss		**(221.9)**		(92.6)
Total Stockholders' Equity		**5,661.8**		5,986.7
Long-term debt, excluding amounts due within one year		**8,810.2**		7,856.2
Total Capitalization		**14,472.0**		13,842.9
Current Liabilities				
Current portion of long-term debt		**15.6**		13.4
Short-term borrowings		**1,163.5**		1,773.2
Accounts payable		**402.5**		666.0
Dividends payable - common stock		**80.4**		—
Dividends payable - preferred stock		**8.1**		—
Customer deposits and credits		**163.1**		256.4
Taxes accrued		**195.7**		231.6
Interest accrued		**106.0**		99.4
Risk management liabilities		**120.0**		12.6
Exchange gas payable		**27.7**		59.7
Regulatory liabilities		**184.9**		160.2
Liabilities held for sale		**455.4**		—
Legal and environmental		**21.6**		20.1
Accrued compensation and employee benefits		**120.3**		156.3
Claims accrued		**22.4**		165.4
Other accruals		**140.5**		131.5
Total Current Liabilities		**3,227.7**		3,745.8
Other Liabilities				
Risk management liabilities		**200.0**		134.0
Deferred income taxes		**1,477.4**		1,485.3
Deferred investment tax credits		**9.1**		9.7
Accrued insurance liabilities		**85.4**		81.5
Accrued liability for postretirement and postemployment benefits		**351.3**		373.2
Regulatory liabilities		**1,967.7**		2,352.0
Asset retirement obligations		**447.1**		416.9
Other noncurrent liabilities		**198.8**		218.5
Total Other Liabilities		**4,736.8**		5,071.1
Commitments and Contingencies (Refer to Note 19, "Other Commitments and Contingencies")		**—**		—
Total Capitalization and Liabilities	**$**	**22,436.5**	$	22,659.8

The accompanying Notes to Condensed Consolidated Financial Statements (unaudited) are an integral part of these statements.

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NiSource Inc.
Condensed Statements of Consolidated Cash Flows (unaudited)

Six Months Ended June 30, *(in millions)*	**2020**	2019
Operating Activities		
Net Income	**$ 70.9**	$ 515.8
Adjustments to Reconcile Net Income to Net Cash from Operating Activities:		
Depreciation and amortization	**361.8**	353.0
Deferred income taxes and investment tax credits	**(11.4)**	126.5
Loss on classification as held for sale	**364.6**	—
Other adjustments	**7.7**	13.6
Changes in Assets and Liabilities:		
Components of working capital	**(75.9)**	(9.0)
Regulatory assets/liabilities	**17.0**	(40.9)
Deferred charges and other noncurrent assets	**(17.4)**	(68.4)
Other noncurrent liabilities	**(9.6)**	35.6
Net Cash Flows from Operating Activities	**707.7**	926.2
Investing Activities		
Capital expenditures	**(819.3)**	(843.5)
Cost of removal	**(66.7)**	(55.7)
Other investing activities	**(0.6)**	1.2
Net Cash Flows used for Investing Activities	**(886.6)**	(898.0)
Financing Activities		
Issuance of long-term debt	**1,000.0**	—
Repayments of long-term debt and finance lease obligations	**(7.8)**	(46.0)
Issuance of short-term debt (maturity > 90 days)	**1,350.0**	500.0
Repayment of short-term debt (maturity > 90 days)	**(1,350.0)**	(350.0)
Change in short-term borrowings, net (maturity ≤ 90 days)	**(609.7)**	(46.2)
Issuance of common stock, net of issuance costs	**7.5**	7.1
Equity costs, premiums and other debt related costs	**(17.6)**	(4.2)
Dividends paid - common stock	**(160.7)**	(149.1)
Dividends paid - preferred stock	**(27.6)**	(28.5)
Net Cash Flows from (used for) Financing Activities	**184.1**	(116.9)
Change in cash, cash equivalents and restricted cash	**5.2**	(88.7)
Cash, cash equivalents and restricted cash at beginning of period	**148.4**	121.1
Cash, Cash Equivalents and Restricted Cash at End of Period	**$ 153.6**	$ 32.4

Supplemental Disclosures of Cash Flow Information

Six Months Ended June 30, *(in millions)*	**2020**	2019
Non-cash transactions:		
Capital expenditures included in current liabilities	**$ 167.7**	$ 169.3
Dividends declared but not paid	**88.5**	82.7
Assets recorded for asset retirement obligations	**$ 70.3**	$ 12.8

The accompanying Notes to Condensed Consolidated Financial Statements (unaudited) are an integral part of these statements.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Condensed Statements of Consolidated Equity (unaudited)

(in millions)	Common Stock	Preferred Stock[1]	Treasury Stock	Additional Paid-In Capital	Retained Deficit	Accumulated Other Comprehensive Loss	Total
Balance as of April 1, 2020	**$ 3.8**	**$ 880.0**	**$ (99.9)**	**$ 6,671.5**	**$ (1,483.4)**	**$ (230.6)**	**$ 5,741.4**
Comprehensive Income:							
Net loss	—	—	—	—	(4.7)	—	(4.7)
Other comprehensive income, net of tax	—	—	—	—	—	8.7	8.7
Dividends:							
Common stock ($0.21 per share)	—	—	—	—	(80.4)	—	(80.4)
Preferred stock (See Note 5)	—	—	—	—	(8.2)	—	(8.2)
Stock issuances:							
Employee stock purchase plan	—	—	—	1.4	—	—	1.4
Long-term incentive plan	—	—	—	0.4	—	—	0.4
401(k) and profit sharing	—	—	—	3.2	—	—	3.2
Balance as of June 30, 2020	**$ 3.8**	**$ 880.0**	**$ (99.9)**	**$ 6,676.5**	**$ (1,576.7)**	**$ (221.9)**	**$ 5,661.8**

[1]Series A and Series B shares have an aggregate liquidation preference of $400M and $500M, respectively. See Note 5, "Equity" for additional information.

(in millions)	Common Stock	Preferred Stock[1]	Treasury Stock	Additional Paid-In Capital	Retained Deficit	Accumulated Other Comprehensive Loss	Total
Balance as of January 1, 2020	**$ 3.8**	**$ 880.0**	**$ (99.9)**	**$ 6,666.2**	**$ (1,370.8)**	**$ (92.6)**	**$ 5,986.7**
Comprehensive Income:							
Net income	—	—	—	—	70.9	—	70.9
Other comprehensive loss, net of tax	—	—	—	—	—	(129.3)	(129.3)
Dividends:							
Common stock ($0.63 per share)	—	—	—	—	(241.1)	—	(241.1)
Preferred stock (See Note 5)	—	—	—	—	(35.7)	—	(35.7)
Stock issuances:							
Employee stock purchase plan	—	—	—	2.7	—	—	2.7
Long-term incentive plan	—	—	—	(0.1)	—	—	(0.1)
401(k) and profit sharing	—	—	—	7.7	—	—	7.7
Balance as of June 30, 2020	**$ 3.8**	**$ 880.0**	**$ (99.9)**	**$ 6,676.5**	**$ (1,576.7)**	**$ (221.9)**	**$ 5,661.8**

[1]Series A and Series B shares have an aggregate liquidation preference of $400M and $500M, respectively. See Note 5, "Equity" for additional information.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Condensed Statements of Consolidated Equity (unaudited) (continued)

(in millions)	Common Stock	Preferred Stock[(1)]	Treasury Stock	Additional Paid-In Capital	Retained Deficit	Accumulated Other Comprehensive Loss	Total
Balance as of April 1, 2019	**$ 3.8**	**$ 880.0**	**$ (99.9)**	**$ 6,406.5**	**$ (1,358.0)**	**$ (52.8)**	**$ 5,779.6**
Comprehensive Income:							
Net income	—	—	—	—	296.9	—	296.9
Other comprehensive loss, net of tax	—	—	—	—	—	(28.0)	(28.0)
Dividends:							
Common stock ($0.20 per share)	—	—	—	—	(74.7)	—	(74.7)
Preferred stock (See Note 5)	—	—	—	—	(8.2)	—	(8.2)
Stock issuances:							
Employee stock purchase plan	—	—	—	1.4	—	—	1.4
Long-term incentive plan	—	—	—	4.8	—	—	4.8
401(k) and profit sharing	—	—	—	4.4	—	—	4.4
Balance as of June 30, 2019	**$ 3.8**	**$ 880.0**	**$ (99.9)**	**$ 6,417.1**	**$ (1,144.0)**	**$ (80.8)**	**$ 5,976.2**

(1)Series A and Series B shares have an aggregate liquidation preference of $400M and $500M, respectively. See Note 5, "Equity" for additional information.

(in millions)	Common Stock	Preferred Stock[(1)]	Treasury Stock	Additional Paid-In Capital	Retained Deficit	Accumulated Other Comprehensive Loss	Total
Balance as of January 1, 2019	**$ 3.8**	**$ 880.0**	**$ (99.9)**	**$ 6,403.5**	**$ (1,399.3)**	**$ (37.2)**	**$ 5,750.9**
Comprehensive Income:							
Net income	—	—	—	—	515.8	—	515.8
Other comprehensive loss, net of tax	—	—	—	—	—	(43.6)	(43.6)
Dividends:							
Common stock ($0.60 per share)	—	—	—	—	(223.8)	—	(223.8)
Preferred stock (See Note 5)	—	—	—	—	(36.7)	—	(36.7)
Stock issuances:							
Employee stock purchase plan	—	—	—	2.7	—	—	2.7
Long-term incentive plan	—	—	—	2.1	—	—	2.1
401(k) and profit sharing	—	—	—	8.8	—	—	8.8
Balance as of June 30, 2019	**$ 3.8**	**$ 880.0**	**$ (99.9)**	**$ 6,417.1**	**$ (1,144.0)**	**$ (80.8)**	**$ 5,976.2**

(1)Series A and Series B shares have an aggregate liquidation preference of $400M and $500M, respectively. See Note 5, "Equity" for additional information.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Condensed Statements of Consolidated Equity (unaudited) (continued)

	Preferred	Common		
Shares *(in thousands)*	**Shares**	**Shares**	**Treasury**	**Outstanding**
Balance as of April 1, 2020	**440**	**386,657**	**(3,963)**	**382,694**
Issued:				
Employee stock purchase plan	—	60	—	60
Long-term incentive plan	—	32	—	32
401(k) and profit sharing	—	131	—	131
Balance as of June 30, 2020	**440**	**386,880**	**(3,963)**	**382,917**

	Preferred	Common		
Shares *(in thousands)*	**Shares**	**Shares**	**Treasury**	**Outstanding**
Balance as of January 1, 2020	**440**	**386,099**	**(3,963)**	**382,136**
Issued:				
Employee stock purchase plan	—	106	—	106
Long-term incentive plan	—	379	—	379
401(k) and profit sharing	—	296	—	296
Balance as of June 30, 2020	**440**	**386,880**	**(3,963)**	**382,917**

	Preferred	Common		
Shares *(in thousands)*	**Shares**	**Shares**	**Treasury**	**Outstanding**
Balance as of April 1, 2019	**440**	**376,966**	**(3,963)**	**373,003**
Issued:				
Employee stock purchase plan	—	52	—	52
Long-term incentive plan	—	38	—	38
401(k) and profit sharing	—	156	—	156
Balance as of June 30, 2019	**440**	**377,212**	**(3,963)**	**373,249**

	Preferred	Common		
Shares *(in thousands)*	**Shares**	**Shares**	**Treasury**	**Outstanding**
Balance as of January 1, 2019	**420**	**376,326**	**(3,963)**	**372,363**
Issued:				
Preferred stock	20	—	—	—
Employee stock purchase plan	—	102	—	102
Long-term incentive plan	—	464	—	464
401(k) and profit sharing	—	320	—	320
Balance as of June 30, 2019	**440**	**377,212**	**(3,963)**	**373,249**

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Notes to Condensed Consolidated Financial Statements (unaudited)

1. Basis of Accounting Presentation

Our accompanying Condensed Consolidated Financial Statements (unaudited) reflect all normal recurring adjustments that are necessary, in the opinion of management, to present fairly the results of operations in accordance with GAAP in the United States of America. The accompanying financial statements contain our accounts and that of our majority-owned or controlled subsidiaries.

The accompanying financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2019. Income for interim periods may not be indicative of results for the calendar year due to weather variations and other factors.

The Condensed Consolidated Financial Statements (unaudited) have been prepared pursuant to the rules and regulations of the SEC. Certain information and note disclosures normally included in annual financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to those rules and regulations, although we believe that the disclosures made in this Quarterly Report on Form 10-Q are adequate to make the information herein not misleading.

During the first quarter of 2020, the United States and countries around the globe were impacted by the outbreak of the novel coronavirus (COVID-19). On March 11, 2020, the World Health Organization (WHO) declared the outbreak of COVID-19 to be a global pandemic. In response to this declaration and the rapid spread of COVID-19 within the United States, federal, state and local governments throughout the country have imposed varying degrees of restrictions on social and commercial activity to promote social distancing in an effort to slow the spread of the illness. These measures have had and continue to have a significant adverse impact upon many sectors of the economy.

COVID-19 has impacted our results of operation in the first half of 2020. As a result of COVID-19, we have experienced, and expect to continue to experience, lower commercial and industrial demand for both the Electric Operations and the Gas Distribution Operations segments and higher residential demand for both the Electric Operations and the Gas Distribution Operations segments. In addition, we have incurred incremental costs for COVID-19 related services and supplies, as well as higher bad debt expense. Due to the uncertainty and evolving situation, we will continue to monitor how COVID-19 is affecting our workforce, customers, suppliers, operations, financial results and cash flow. The extent of the impact in the future will vary and depend on the duration and severity of the impact on the global, national and local economies. See Note 3, “Revenue Recognition,” Note 10, “Regulatory Matters,” Note 14, “Goodwill,” and Note 15, “Income Taxes,” for information on COVID-19.

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2. Recent Accounting Pronouncements

Recently Issued Accounting Pronouncements

We are currently evaluating the impact of certain ASUs on our Condensed Consolidated Financial Statements (unaudited) and Notes to Condensed Consolidated Financial Statements (unaudited), which are described below:

Standard	Description	Effective Date	Effect on the financial statements or other significant matters
ASU 2018-14, *Compensation—Retirement Benefits—Defined Benefit Plans—General (Subtopic 715-20): Disclosure Framework—Changes to the Disclosure Requirements for Defined Benefit Plans*	This pronouncement modifies the disclosure requirements for defined benefit pension or other postretirement benefit plans. The guidance removes disclosures that are no longer considered cost beneficial, clarifies the specific requirements of disclosures and adds disclosure requirements identified as relevant. The modifications affect annual period disclosures and must be applied on a retrospective basis to all periods presented.	Annual periods ending after December 15, 2020. Early adoption is permitted.	We are currently in discussions with our third-party specialist to evaluate the effects of this pronouncement on our Notes to Condensed Consolidated Financial Statements (unaudited). These discussions include, but are not limited to, understanding new information to be provided by the specialists in order to meet disclosure requirements. We expect to adopt this ASU on its effective date.
ASU 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*	This pronouncement simplifies the accounting for income taxes by eliminating certain exceptions to the general principles in ASC 740, income taxes. It also improves consistency of application for other areas of the guidance by clarifying and amending existing guidance.	Annual periods beginning after December 15, 2020 Early adoption is permitted.	The most relevant amendment requires that an entity recognize a franchise tax (or similar tax) that is partially based on income as an income-based tax and account for any incremental amount incurred as a non-income-based tax. For us, these taxes include the Massachusetts excise tax that is currently recorded as non-income based taxes. Consequently, we do not expect an impact on our Condensed Consolidated Financial Statements (unaudited) and Notes to Condensed Consolidated Financial Statements (unaudited). We continue to monitor the guidance as it relates to new activity or transactions that could impact our Condensed Consolidated Financial Statements (unaudited) and Notes to Condensed Consolidated Financial Statements (unaudited). We expect to adopt this ASU on its effective date.
ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Statements*	This pronouncement provides temporary optional expedients and exceptions for applying GAAP principles to contract modifications and hedging relationships to ease the financial reporting burdens of the expected market transition from LIBOR and other interbank offered rates to alternative reference rates.	Upon issuance on March 12, 2020, and will apply though December 31, 2022.	We are currently evaluating the temporary expedients and options available under this guidance, and the effects of this pronouncement on our Condensed Consolidated Financial Statements (unaudited) and Notes to Condensed Consolidated Financial Statements (unaudited). We are currently identifying and evaluating contracts that may be impacted. As of June 30, 2020, we have not applied any expedients and options available under this ASU.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

Recently Adopted Accounting Pronouncements

Standard	Adoption
ASU 2019-04, *Codification Improvements to Topic 326, Financial Instruments-Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments* ASU 2016-13, *Financial Instruments-Credit Losses (Topic 326)*	In June 2016, the FASB issued ASU 2016-13, Measurement of Credit Losses on Financial Instruments (ASC 326). ASC 326 revised the GAAP guidance on the impairment of most financial assets and certain other instruments that are not measured at fair value through net income. ASC 326 introduces the current expected credit loss (CECL) model that is based on expected losses for instruments measured at amortized cost rather than incurred losses. It also requires entities to record an allowance for available-for-sale debt securities rather than impair the carrying amount of the securities. Subsequent improvements to the estimated credit losses of available-for-sale debt securities will be recognized immediately in earnings, instead of over-time as they would under historic guidance. In 2019, the FASB issued ASU 2019-04, Codification Improvements to Topic 326, Financial Instruments-Credit Losses, Topic 815, Derivative and Hedging, and Topic 825, Financial Instruments. This pronouncement clarified and improved certain areas of guidance related to the recently issued standards on credit losses, hedging, and recognition and measurement. We adopted ASC 326 effective January 1, 2020, using a modified retrospective method. Adoption of this standard did not have material impact on our Condensed Consolidated Financial Statements (unaudited). No adjustments were made to the January 1, 2020 opening balances as a result of this adoption. As required under the modified retrospective method of adoption, results for the reporting periods beginning after January 1, 2020 are presented under ASC 326, while prior period amounts are not adjusted. See Note 3, "Revenue Recognition," and Note 11, "Fair Value," for our discussion of the implementing these standards.

3. Revenue Recognition

Revenue Disaggregation and Reconciliation. We disaggregate revenue from contracts with customers based upon reportable segment, as well as by customer class. As our revenues are primarily earned over a period of time and we do not earn a material amount of revenues at a point in time, revenues are not disaggregated as such below. The Gas Distribution Operations segment provides natural gas service and transportation for residential, commercial and industrial customers in Ohio, Pennsylvania, Virginia, Kentucky, Maryland, Indiana and Massachusetts. The Electric Operations segment provides electric service in 20 counties in the northern part of Indiana.

The tables below reconcile revenue disaggregation by customer class to segment revenue, as well as to revenues reflected on the Condensed Statements of Consolidated Income (Loss) (unaudited) for the three and six months ended June 30, 2020 and June 30, 2019:

Three Months Ended June 30, 2020 *(in millions)*	Gas Distribution Operations	Electric Operations	Corporate and Other	Total
Customer Revenues[(1)]				
Residential	$ 414.7	$ 127.5	$ —	$ 542.2
Commercial	122.7	112.9	—	235.6
Industrial	48.6	89.3	—	137.9
Off-system	8.0	—	—	8.0
Miscellaneous	5.3	3.5	0.2	9.0
Total Customer Revenues	$ 599.3	$ 333.2	$ 0.2	$ 932.7
Other Revenues	7.0	23.0	—	30.0
Total Operating Revenues	$ 606.3	$ 356.2	$ 0.2	$ 962.7

[(1)] Customer revenue amounts exclude intersegment revenues. See Note 22, "Business Segment Information," for discussion of intersegment revenues.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

Three Months Ended June 30, 2019 *(in millions)*	Gas Distribution Operations	Electric Operations	Corporate and Other	Total
Customer Revenues[(1)]				
Residential	$ 375.0	$ 105.9	$ —	$ 480.9
Commercial	121.8	115.1	—	236.9
Industrial	52.9	155.8	—	208.7
Off-system	23.4	—	—	23.4
Miscellaneous	12.4	6.7	0.2	19.3
Total Customer Revenues	$ 585.5	$ 383.5	$ 0.2	$ 969.2
Other Revenues	18.3	22.9	—	41.2
Total Operating Revenues	$ 603.8	$ 406.4	$ 0.2	$ 1,010.4

(1) Customer revenue amounts exclude intersegment revenues. See Note 22, "Business Segment Information," for discussion of intersegment revenues.

Six Months Ended June 30, 2020 *(in millions)*	Gas Distribution Operations	Electric Operations	Corporate and Other	Total
Customer Revenues[(1)]				
Residential	$ 1,211.2	$ 246.7	$ —	$ 1,457.9
Commercial	392.1	233.1	—	625.2
Industrial	122.8	198.4	—	321.2
Off-system	26.7	—	—	26.7
Miscellaneous	17.8	9.4	0.4	27.6
Total Customer Revenues	$ 1,770.6	$ 687.6	$ 0.4	$ 2,458.6
Other Revenues	63.7	45.9	—	109.6
Total Operating Revenues	$ 1,834.3	$ 733.5	$ 0.4	$ 2,568.2

(1) Customer revenue amounts exclude intersegment revenues. See Note 22, "Business Segment Information," for discussion of intersegment revenues.

Six Months Ended June 30, 2019 *(in millions)*	Gas Distribution Operations	Electric Operations	Corporate and Other	Total
Customer Revenues[(1)]				
Residential	$ 1,350.3	$ 224.7	$ —	$ 1,575
Commercial	452.3	234.4	—	686.7
Industrial	135.8	319.1	—	454.9
Off-system	43.5	—	—	43.5
Miscellaneous	29.6	13.6	0.4	43.6
Total Customer Revenues	$ 2,011.5	$ 791.8	$ 0.4	$ 2,803.7
Other Revenues	31.1	45.4	—	76.5
Total Operating Revenues	$ 2,042.6	$ 837.2	$ 0.4	$ 2,880.2

(1) Customer revenue amounts exclude intersegment revenues. See Note 22, "Business Segment Information," for discussion of intersegment revenues.

Customer Accounts Receivable. Accounts receivable on our Condensed Consolidated Balance Sheets (unaudited) includes both billed and unbilled amounts, as well as certain amounts that are not related to customer revenues. Unbilled amounts of accounts receivable relate to a portion of a customer's consumption of gas or electricity from the date of the last cycle billing through the last day of the month (balance sheet date). Factors taken into consideration when estimating unbilled revenue include historical usage, customer rates and weather. The opening and closing balances of customer receivables for the six months ended June 30, 2020 are presented in the table below. We had no significant contract assets or liabilities during the period. Additionally, we have not incurred any significant costs to obtain or fulfill contracts.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

(in millions)		Customer Accounts Receivable, Billed (less reserve)		Customer Accounts Receivable, Unbilled (less reserve)
Balance as of December 31, 2019	$	466.6	$	346.6
Balance as of June 30, 2020		326.6		187.9
Decrease	$	(140.0)	$	(158.7)

Utility revenues are billed to customers monthly on a cycle basis. We generally expect that substantially all customer accounts receivable will be collected within the month following customer billing, as this revenue consists primarily of monthly, tariff-based billings for service and usage. We maintain common utility credit risk mitigation practices, including requiring deposits and actively pursuing collection of past due amounts. Although individual state regulatory commissions have instituted regulatory moratoriums in connection with COVID-19 that impact our ability to pursue our credit risk mitigation practices, we believe this to be temporary, and we expect to reinstate our common credit mitigation practices upon expiration of the state specific moratoriums. Our regulated operations also utilize certain regulatory mechanisms that facilitate recovery of bad debt costs within tariff-based rates, which provides further evidence of collectibility. In addition, in connection with COVID-19, certain of our regulated operations have been authorized to recognize a regulatory asset for bad debt costs above levels currently in rates (see Note 10, "Regulatory Matters," for additional information). It is probable that substantially all of the consideration to which we are entitled from customers will be collected upon satisfaction of performance obligations.

Allowance for Credit Losses. We adopted ASC 326 effective January 1, 2020. See "Recently Adopted Accounting Pronouncements" in Note 2, "Recent Accounting Pronouncements," for more information about ASC 326.

Each of our business segments pool their customer accounts receivables based on similar risk characteristics, such as customer type, geography, payment terms, and related macro-economic risks. Expected credit loss exposure is evaluated separately for each of our accounts receivable pools. Expected credit losses are established using a model that considers historical collections experience, current information, and reasonable and supportable forecasts. Relevant and reliable internal and external inputs used in the model include, but are not limited to, gas consumption trends, revenue projections, actual charge-offs data, recoveries data, shut-off orders executed data, and final bill data. We continuously evaluate available reasonable and supportable information relevant to assessing collectability of current and future receivables. We evaluate creditworthiness of specific customers periodically or when required by changes in facts and circumstances. When we become aware of a specific customer's inability to pay, an allowance for expected credit losses is recorded for the relevant amount. We also monitor other circumstances that could affect our overall expected credit losses; these include, but are not limited to, creditworthiness of overall population in service territories, adverse conditions impacting an industry sector, and general economic conditions.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

At each reporting period, we record expected credit losses using an allowance for credit losses account. When deemed to be uncollectible, customer accounts are written-off. A rollforward of our allowance for credit losses for the three and six months ended June 30, 2020 are presented in the tables below:

Three Months Ended June 30, 2020 (*in millions*)	Gas Distribution Operations	Electric Operations	Corporate and Other	Total
Beginning balance	$ 15.9	$ 3.6	$ 0.8	$ 20.3
Current period provisions	13.3	2.9	—	16.2
Write-offs charged against allowance	(6.9)	(1.5)	—	(8.4)
Recoveries of amounts previously written off	3.1	0.2	—	3.3
Ending balance of the allowance for credit losses	$ 25.4	$ 5.2	$ 0.8	$ 31.4

Six Months Ended June 30, 2020 (*in millions*)	Gas Distribution Operations	Electric Operations	Corporate and Other	Total
Beginning balance[(1)]	9.1	3.1	0.8	13.0
Current period provisions	22.4	4.4	—	26.8
Write-offs charged against allowance	(13.8)	(2.5)	—	(16.3)
Recoveries of amounts previously written off	7.7	0.2	—	7.9
Ending balance of the allowance for credit losses	25.4	5.2	0.8	31.4

[(1)]Total beginning balance differs from that presented in the Condensed Statements of Consolidated Balance Sheet (unaudited) as it excludes Columbia of Massachusetts. Columbia of Massachusetts' customer receivables and related allowance for credit losses are classified as held for sale at June 30, 2020.

As of June 30, 2020, we have also evaluated the adequacy of our allowance for credit losses in light of the suspension of shut-offs for nonpayment due to COVID-19 and the economic downturn. Our evaluation included an analysis of customer payment trends in 2020, economic conditions, receivables aging, and considerations of past economic downturns and corresponding allowance for credit losses and customer account write-offs. In addition, we considered impacts of governmental COVID-19 relief programs, the expansion of unemployment benefits initiatives, and flexible payment plans being offered to customers impacted or experiencing hardship as a result of COVID-19, which help to mitigate the potential for increasing customer account delinquencies. Based upon this evaluation, we have concluded that the allowance for credit losses as of June 30, 2020 adequately reflected the collection risk and net realizable value for our receivables. We will continue to monitor changing circumstances and will adjust our allowance for credit losses as additional information becomes available.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

4. Earnings Per Share

Basic EPS is computed by dividing net income available to common shareholders by the weighted-average number of shares of common stock outstanding for the period. The weighted-average shares outstanding for diluted EPS includes the incremental effects of the various long-term incentive compensation plans and forward agreements when the impact would be dilutive (See Note 5 "Equity"). The computation of diluted average common shares for the three months ended June 30, 2020 is not presented as we had a net loss on the Condensed Statements of Consolidated Income (Loss) (unaudited) during the period, and any incremental shares would have had an anti-dilutive impact on EPS. The computation of diluted average common shares is as follows:

	Three Months Ended June 30,	Six Months Ended June 30,	
(in thousands)	2019	**2020**	2019
Denominator			
Basic average common shares outstanding	373,898	**383,304**	373,628
Dilutive potential common shares:			
Shares contingently issuable under employee stock plans	800	**719**	930
Shares restricted under employee stock plans	136	**192**	135
Forward Agreements	398	—	252
Diluted Average Common Shares	375,232	**384,215**	374,945

5. Equity

Common Stock. As of June 30, 2020, we had 600,000,000 shares of common stock authorized for issuance, of which 382,917,033 shares were outstanding.

ATM Program. On November 1, 2018, we entered into five separate equity distribution agreements pursuant to which we were able to sell up to an aggregate of $500.0 million of our common stock. Four of these agreements were then amended on August 1, 2019, and one was terminated. Pursuant to the four agreements, as amended, we may sell, from time to time, up to an aggregate of $434.4 million of our common stock.

As of June 30, 2020, the ATM program had approximately $200.7 million of equity available for issuance. The program expires on December 31, 2020. We did not have any activity under the ATM program for the three and six months ended June 30, 2020.

***Preferred Stock*.** As of June 30, 2020, we had 20,000,000 shares of preferred stock authorized for issuance, of which 440,000 shares of preferred stock in the aggregate for all series were outstanding. The following table displays preferred dividends declared for the period by outstanding series of shares:

			Three Months Ended June 30,		Six Months Ended June 30,		June 30,	December 31,
			2020	2019	2020	2019	2020	2019
(in millions except shares and per share amounts)	Liquidation Preference Per Share	Shares	Dividends Declared Per Share				Outstanding	
5.650% Series A	$ 1,000.00	400,000	—	—	28.25	28.25	$ 393.9	$ 393.9
6.500% Series B	$ 25,000.00	20,000	406.25	406.25	1,218.75	1,268.40	$ 486.1	$ 486.1

In addition, 20,000 shares of Series B–1 Preferred Stock, par value $0.01 per share, were outstanding as of June 30, 2020. Holders of Series B–1 Preferred Stock are not entitled to receive dividend payments and have no conversion rights. The Series B–1 Preferred Stock is paired with the Series B Preferred Stock and may not be transferred, redeemed or repurchased except in connection with the simultaneous transfer, redemption or repurchase of the underlying Series B Preferred Stock.

As of June 30, 2020, Series A Preferred Stock had $1.0 million of cumulative preferred dividends in arrears, or $2.51 per share, and Series B Preferred Stock had $1.4 million of cumulative preferred dividends in arrears, or $72.23 per share.

6. Gas in Storage

We use both the LIFO inventory methodology and the weighted-average cost methodology to value natural gas in storage. Gas Distribution Operations prices natural gas storage injections at the average of the costs of natural gas supply purchased during the year. For interim periods, the difference between current projected replacement cost and the LIFO cost for quantities of gas temporarily withdrawn from storage is recorded as a temporary LIFO liquidation credit or debit within the Condensed Consolidated Balance Sheets (unaudited). Due to seasonality requirements, we expect interim variances in LIFO layers to be replenished by year end. We had a temporary LIFO liquidation debit of $19.4 million and zero as of June 30, 2020 and December 31, 2019, respectively, for certain gas distribution companies recorded within “Prepayments and other,” on the Condensed Consolidated Balance Sheets (unaudited).

7. Assets and Liabilities Held For Sale

On February 26, 2020, NiSource and Columbia of Massachusetts entered into an Asset Purchase Agreement with Eversource. Upon the terms and subject to the conditions set forth in the Asset Purchase Agreement, NiSource and Columbia of Massachusetts agreed to sell to Eversource, with certain additions and exceptions: (1) substantially all of the assets of Columbia of Massachusetts and (2) all of the assets held by any of Columbia of Massachusetts’ affiliates that primarily relate to the Massachusetts Business, and Eversource agreed to assume certain liabilities of Columbia of Massachusetts and its affiliates. The liabilities assumed by Eversource under the Asset Purchase Agreement do not include, among others, any liabilities arising out of the Greater Lawrence Incident or liabilities of Columbia of Massachusetts or its affiliates pursuant to civil claims for injury of persons or damage to property to the extent such injury or damage occurs prior to the closing in connection with the Massachusetts Business. The Asset Purchase Agreement provides for a purchase price of $1,100 million in cash, subject to adjustment based on Columbia of Massachusetts’ net working capital as of the closing.

On July 2, 2020, NiSource, Columbia of Massachusetts, Eversource and Eversource Gas Company of Massachusetts, a wholly-owned subsidiary of Eversource (“EGMA”), filed with the Massachusetts DPU a joint petition for the approval of the purchase and sale of the Massachusetts Business and a proposed multi-year rate plan. Additionally, the petition seeks approval of a settlement agreement executed on July 2, 2020 (the “Settlement Agreement”) among, NiSource, Columbia of Massachusetts, Eversource, EGMA, the Massachusetts Attorney General’s Office ("Massachusetts AGO"), the Massachusetts Department of Energy Resources ("DOER"), and the Low-Income Weatherization and Fuel Assistance Program Network. If approved as filed, the Settlement Agreement would provide final resolution or termination of proceedings before certain governmental bodies, as outlined in the Asset Purchase Agreement closing conditions. Under the terms of the Settlement Agreement, at the closing of the sale to Eversource, NiSource will make a payment in lieu of penalties in full settlement of all of the pending and potential claims, lawsuits, investigations or proceedings settled by and released by the Settlement Agreement in the amount of $56.0 million. This payment, which will be withheld from the proceeds received from Eversource, will be used to create an Energy Relief Fund that will benefit customers of the Massachusetts Business. The Settlement Agreement is conditioned on its approval in full by the Massachusetts DPU no later than September 30, 2020. See Note 19-B, "Legal Proceedings," for details about the joint petition and Settlement Agreement.

As of June 30, 2020, the Massachusetts Business meets the requirements under GAAP to be classified as held for sale, and the assets and liabilities of the Massachusetts Business are measured at fair value, less costs to sell. Our estimated total pre-tax loss for the three and six months ended June 30, 2020 is $84.4 million and $364.6 million, respectively, based on June 30, 2020 asset and liability balances, estimated net working capital and estimated transaction costs, including the $56.0 million payment in lieu of penalties described above. This estimated pre-tax loss is presented as Loss on Classification as Held for Sale on the Condensed Statements of Consolidated Income (Loss) (unaudited) and is subject to change based on estimated transaction costs, the net working capital adjustment, and asset and liability balances at each measurement date leading up to the closing date. The final pre-tax loss on the transaction will be determined as of the closing date. The sale is targeted to close by the end of the third quarter or shortly thereafter, subject to closing conditions.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

The Massachusetts Business had the following pretax income (loss) for the three and six months ended June 30, 2020 and 2019:

	Three Months Ended June 30,		**Six Months Ended June 30,**	
(in millions)	**2020**	2019	**2020**	2019
Pretax Income (Loss)	($92.6)	$319.4	($328.8)	$238.7

The pretax income (loss) amounts exclude allocated executive compensation expense and interest expense for intercompany and external debt that will not be assumed by Eversource or required to be repaid at closing. The pretax income (loss) amounts for the three and six months ended June 30, 2020 and 2019 include costs directly related to the Greater Lawrence Incident. In addition, the pretax loss amounts for the three and six months ended June 30, 2020 include the Loss on Classification as Held for Sale. The major classes of assets and liabilities classified as held for sale on the Condensed Consolidated Balance Sheets (unaudited) at June 30, 2020 were:

(in millions)

Assets Held for Sale	Net Property, Plant and Equipment	Total Current Assets	Total Other Assets	Loss on Classification as Held for Sale[1]	Total Assets Held for Sale
Gas Distribution Operations	1,669.1	140.6	90.3	(357.7)	1,542.3

Liabilities Held for Sale	Long-term Debt, Excluding Amounts Due Within One Year	Total Current Liabilities	Total Other Liabilities	Total Liabilities Held for Sale
Gas Distribution Operations	42.0	61.3	352.1	455.4

[1] Amount differs from that presented in the Condensed Statements of Consolidated Income (Loss) (unaudited) due to cash already paid for certain transaction costs.

8. Property, Plant and Equipment

In the second quarter of 2020, we received approval from MISO to retire the R.M. Schahfer Generating Station (Units 14, 15, 17 and 18) in 2023. As a result of this approval, we have reclassified $876.0 million in net book value of certain plant and equipment for the R.M. Schahfer Generating Station units from “Net utility plant” to “Other Property, at cost, less accumulated depreciation” on the Condensed Consolidated Balance Sheets (unaudited). The amount of plant and equipment reclassified to other property is based on current estimates of the plant and equipment that will not be utilized at retirement in 2023. As more information about plant and equipment that can be utilized beyond 2023 becomes available, additional amounts may be reclassified to other property. Depreciation expense will continue to be recorded at the composite depreciation rate approved by the IURC. See Note 19-D, "Other Matters," for additional information.

9. Asset Retirement Obligations

During 2020, we made revisions to the estimated costs associated with refining the CCR compliance plan. The CCR rule requires the continued collection of data over time to determine the specific compliance solution. The change in estimated costs resulted in an increase to the asset retirement obligation liability of $70.3 million that was recorded in 2020. See Note 19-C, "Environmental Matters," for additional information on CCRs.

10. Regulatory Matters

Cost Recovery and Trackers

Comparability of our line item operating results is impacted by regulatory trackers that allow for the recovery in rates of certain costs such as those described below. Increases in the expenses that are the subject of trackers generally result in a corresponding increase in operating revenues and, therefore, have essentially no impact on total operating income results.

Certain costs of our operating companies are significant, recurring in nature and generally outside the control of the operating companies. Some states allow the recovery of such costs through cost tracking mechanisms. Such tracking mechanisms allow for abbreviated regulatory proceedings in order for the operating companies to implement charges and recover appropriate costs. Tracking mechanisms allow for more timely recovery of such costs as compared with more traditional cost recovery mechanisms. Examples of such mechanisms include GCR adjustment mechanisms, tax riders, bad debt recovery mechanisms,

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

electric energy efficiency programs, MISO non-fuel costs and revenues, resource capacity charges, federally mandated costs and environmental-related costs.

A portion of the Gas Distribution revenue is related to the recovery of gas costs, the review and recovery of which occurs through standard regulatory proceedings. All states in our operating area require periodic review of actual gas procurement activity to determine prudence and to permit the recovery of prudently incurred costs related to the supply of gas for customers. Our distribution companies have historically been found prudent in the procurement of gas supplies to serve customers.

A portion of the Electric Operations revenue is related to the recovery of fuel costs to generate power and the fuel costs related to purchased power. These costs are recovered through a FAC, a quarterly regulatory proceeding in Indiana.

Infrastructure Replacement and Federally-Mandated Compliance Programs

All of our operating utility companies have completed rate proceedings involving infrastructure replacement or enhancement, and have embarked upon initiatives to replace significant portions of their operating systems that are nearing the end of their useful lives. Each company's approach to cost recovery is unique, given the different laws, regulations and precedent that exist in each jurisdiction.

The following table describes the most recent vintage of our regulatory programs to recover infrastructure replacement and other federally-mandated compliance investments currently in rates and those pending commission approval:

(in millions)

Company	Program	Incremental Revenue	Incremental Capital Investment	Investment Period	Filed	Status	Rates Effective
Columbia of Ohio	IRP - 2020	32.9	234.4	1/19-12/19	February 28, 2020	Approved April 22, 2020	May 2020
Columbia of Ohio	CEP - 2019	15.0	121.7	1/18-12/18	February 28, 2019	Approved August 28, 2019	September 2019
Columbia of Ohio	CEP - 2020	18.0	185.1	1/19-12/19	February 28, 2020	Order Expected August 2020	September 2020
NIPSCO - Gas	TDSIC 10[1]	1.6	12.4	7/18-4/19	June 25, 2019	Approved October 16, 2019	November 2019
NIPSCO - Gas	TDSIC 11[2]	(1.7)	38.7	5/19-12/19	February 25, 2020	Approved June 24, 2020	July 2020
NIPSCO - Gas	FMCA 3[3]	0.3	43.0	4/19-9/19	November 26, 2019	Approved March 31, 2020	April 2020
NIPSCO - Gas	FMCA 4[3]	1.6	43.2	10/19-3/20	May 26, 2020	Order Expected September 2020	October 2020
Columbia of Massachusetts	GSEP - 2020[3][4]	0.9	37.5	1/20-12/20	October 31, 2019	Approved April 30, 2020	May 2020
Columbia of Virginia	SAVE - 2020	3.8	50.0	1/20-12/20	August 15, 2019	Approved December 6, 2019	January 2020
Columbia of Virginia	SAVE - 2021	5.2	46.4	1/21-12/21	July 24, 2020	Order Expected November 2020	January 2021
Columbia of Kentucky	SMRP - 2020	4.2	40.4	1/20-12/20	October 15, 2019	Approved December 20, 2019	January 2020
Columbia of Maryland	STRIDE - 2020	1.3	15.0	1/20-12/20	January 29, 2020	Approved February 19, 2020	February 2020
NIPSCO - Electric	TDSIC - 6	28.1	131.1	12/18-6/19	August 21, 2019	Approved December 18, 2019	January 2020
NIPSCO - Electric	FMCA - 12[3]	1.6	4.7	3/19-8/19	October 18, 2019	Approved January 29, 2020	February 2020
NIPSCO - Electric	FMCA - 13[3][5]	(1.2)	—	9/19-2/20	April 15, 2020	Approved July 29, 2020	August 2020
Columbia of Pennsylvania	DSIC - Q1 2020	0.9	28.2	12/19-2/20	April 27, 2020	Approved May 4, 2020	May 2020
Columbia of Pennsylvania	DSIC - Q2 2020	0.8	28.6	3/20-5/20	June 19, 2020	Approved June 29, 2020	July 2020

(1)Incremental capital and revenue are net of amounts included in the step 2 rates.
(2)Incremental revenue is net of amounts included in the step 2 rates and reflects a more typical 6-month filing period.
(3)Incremental revenue is inclusive of tracker eligible operations and maintenance expense.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

(4)Incremental revenue reflects a 50% decrease in projected 2020 capital investments due to the October 3, 2019 order from the Massachusetts DPU that imposed work restrictions on Columbia of Massachusetts and the Massachusetts DPU's ongoing investigations.
(5)No eligible capital investments were made during the investment period.

Rate Case Actions

The following table describes current rate case actions as applicable in each of our jurisdictions net of tracker impacts:

(in millions)

Company	Requested Incremental Revenue	Approved or Settled Incremental Revenue	Filed	Status	Rates Effective
NIPSCO - Electric[1]	$ 21.4	$ (53.5)	October 31, 2018	Approved December 4, 2019	January 2020
Columbia of Pennsylvania[2]	$ 100.4	in process	April 24, 2020	Order Expected Q1 2021	February 2021
Columbia of Maryland	$ 5.0	in process	May 15, 2020	Order Expected Q4 2020	December 2020

(1)Rates were implemented in two steps, with implementation of step 1 rates effective on January 2, 2020 and step 2 rates effective on March 2, 2020.
(2)On June 3, the Pennsylvania Commission's Chief Administrative Law Judge issued an order that postpones the suspension period for Columbia of Pennsylvania's general rate increase from the statutorily established suspension date of January 23, 2021 to February 4, 2021 for reasons related to COVID-19. Columbia of Pennsylvania is seeking the Commission's reconsideration and reversal of that order.

COVID-19 Regulatory Filings

Beginning in March 2020, moratoriums on disconnections of residential and commercial customers for non-payment of utility service and late payment fees were issued in each of the states we operate. In general, these moratoriums will continue into the third or fourth quarter of 2020, depending on the jurisdiction.

In response to COVID-19, we have engaged the regulatory commissions in the states in which we operate, as described below.

Columbia of Ohio filed a Deferral Application and a Transition Plan with the PUCO on May 29, 2020. The Deferral Application requested approval to record a regulatory asset for COVID-19 incremental costs, foregone revenue from late payment fees, and bad debt expense from certain classes of customers. An order approving the Deferral Application was received on July 15, 2020. No regulatory asset was recorded as of June 30, 2020. Recovery of any regulatory asset, when recorded, will be addressed in future proceedings. The Transition Plan requested the resumption of activities that were suspended in March 2020, including resumption of disconnects due to non-payment and billing of late payment fees beginning with the August 2020 billing cycle. The PUCO approved the Transition Plan on June 17, 2020.

NIPSCO received a COVID-19 order from the IURC on June 29, 2020. This order extended the disconnection moratorium and the suspension of collection of late payment fees, convenience fees, deposits and reconnection fees through August 14, 2020. The order requires utilities to offer payment arrangements of at least six months and requires NIPSCO to provide the IURC with information about NIPSCO’s communications with delinquent customers. The order authorized NIPSCO to create a regulatory asset for COVID-19 related incremental bad debt expense, as well as the costs to implement the requirements of the order. As of June 30, 2020, $0.7 million of incremental bad debt expense was deferred to a regulatory asset. Recovery of the regulatory asset will be addressed in future base rate proceedings.

Columbia of Pennsylvania received a secretarial letter from the Pennsylvania PUC on May 13, 2020 authorizing Columbia of Pennsylvania to create a regulatory asset for incremental bad debt expense above levels currently in rates incurred since March 13, 2020. While Columbia of Pennsylvania is not authorized to defer any other incremental costs, it is required to track costs incurred and any benefits received in connection with COVID-19. As of June 30, 2020, $0.1 million of incremental bad debt expense was deferred to a regulatory asset. Recovery of any regulatory asset will be addressed in future base rate proceedings.

Columbia of Virginia received an order from the VSCC on April 29, 2020 authorizing Columbia of Virginia to create a regulatory asset for incremental bad debt expense, suspended late payment fees, reconnection costs, carrying costs and other incremental prudently incurred costs related to COVID-19. We are evaluating the impact of the order. Recovery of any regulatory asset, when recorded, will be addressed in future base rate proceedings.

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Columbia of Maryland received an order from the Maryland PSC on April 9, 2020 authorizing Columbia of Maryland to create a regulatory asset for incremental COVID-19 related costs incurred to ensure that customers have essential utility service during the state of emergency in Maryland. Such incremental costs must be offset by any benefit received in connection with COVID-19. As of June 30, 2020, $0.3 million of incremental bad debt expense and COVID-19 related costs had been deferred to a regulatory asset. Recovery of the regulatory asset will be addressed in future base rate proceedings.

Columbia of Massachusetts is participating in two working groups established by the Massachusetts DPU to focus on customer assistance and financial ratemaking matters. Customer assistance recommendations, which enable utilities to provide flexible payment arrangements to customers who need financial assistance, were provided to Massachusetts DPU on May 29, 2020. The Massachusetts DPU issued an order on June 26, 2020 approving the customer assistance recommendations and established reporting requirements. A financial ratemaking proposal, which includes the establishment of a regulatory asset for COVID-19 related expenses and semi-annual adjustments to cash working capital, is being reviewed and discussed by the working group, including a counterproposal from the Massachusetts Attorney General's Office.

Columbia of Kentucky is engaging with peer utilities and is working closely with the Kentucky PSC on COVID-19 developments that impact customers and utility operations, including exploring flexible payment plans for customers who need financial assistance in order to mitigate the amount of uncollectible customer receivables and tracking COVID-19 related costs.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

11. Risk Management Activities

We are exposed to certain risks relating to our ongoing business operations, namely commodity price risk and interest rate risk. We recognize that the prudent and selective use of derivatives may help to lower our cost of debt capital, manage our interest rate exposure and limit volatility in the price of natural gas.

Risk management assets and liabilities on our derivatives are presented on the Condensed Consolidated Balance Sheets (unaudited) as shown below:

(in millions)	**June 30, 2020**	December 31, 2019
Risk Management Assets - Current[(1)]		
Interest rate risk programs	**$ —**	$ —
Commodity price risk programs	**15.5**	0.6
Total	**$ 15.5**	$ 0.6
Risk Management Assets - Noncurrent[(2)]		
Interest rate risk programs	**$ —**	$ —
Commodity price risk programs	**8.5**	3.8
Total	**$ 8.5**	$ 3.8
Risk Management Liabilities - Current		
Interest rate risk programs	**$ 108.3**	$ —
Commodity price risk programs	**11.7**	12.6
Total	**$ 120.0**	$ 12.6
Risk Management Liabilities - Noncurrent		
Interest rate risk programs	**$ 141.8**	$ 76.2
Commodity price risk programs	**58.2**	57.8
Total	**$ 200.0**	$ 134.0

(1)Presented in "Prepayments and other" on the Condensed Consolidated Balance Sheets (unaudited).
(2)Presented in "Deferred charges and other" on the Condensed Consolidated Balance Sheets (unaudited).

Commodity Price Risk Management
We, along with our utility customers, are exposed to variability in cash flows associated with natural gas purchases and volatility in natural gas prices. We purchase natural gas for sale and delivery to our retail, commercial and industrial customers, and for most customers the variability in the market price of gas is passed through in their rates. Some of our utility subsidiaries offer programs whereby variability in the market price of gas is assumed by the respective utility. The objective of our commodity price risk programs is to mitigate the gas cost variability, for us or on behalf of our customers, associated with natural gas purchases or sales by economically hedging the various gas cost components using a combination of futures, options, forwards or other derivative contracts.

NIPSCO received IURC approval to lock in a fixed price for its natural gas customers using long-term forward purchase instruments. The term of these instruments may range from five to ten years and is limited to 20 percent of NIPSCO's average annual GCA purchase volume. Gains and losses on these derivative contracts are deferred as regulatory liabilities or assets and are remitted to or collected from customers through NIPSCO's quarterly GCA mechanism. These instruments are not designated as accounting hedges.

Interest Rate Risk Management
As of June 30, 2020, we have forward-starting interest rate swaps with an aggregate notional value totaling $500.0 million to hedge the variability in cash flows attributable to changes in the benchmark interest rate during the periods from the effective dates of the swaps to the anticipated dates of forecasted debt issuances, which are expected to take place by 2024. These interest rate swaps are designated as cash flow hedges. The gains and losses related to these swaps are recorded to AOCI and are recognized in "Interest expense, net" concurrently with the recognition of interest expense on the associated debt, once issued. If it becomes probable that a hedged forecasted transaction will no longer occur, the accumulated gains or losses on the derivative will be recognized currently in "Other, net" in the Condensed Statements of Consolidated Income (Loss) (unaudited).

There were no amounts excluded from effectiveness testing for derivatives in cash flow hedging relationships at June 30, 2020 and December 31, 2019.

Our derivative instruments measured at fair value as of June 30, 2020 and December 31, 2019 do not contain any credit-risk-related contingent features.

12. Fair Value

A. Fair Value Measurements

Recurring Fair Value Measurements

The following tables present financial assets and liabilities measured and recorded at fair value on our Condensed Consolidated Balance Sheets (unaudited) on a recurring basis and their level within the fair value hierarchy as of June 30, 2020 and December 31, 2019:

Recurring Fair Value MeasurementsJune 30, 2020 *(in millions)*	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of June 30, 2020
Assets				
Risk management assets	$ —	$ 24.0	$ —	$ 24.0
Available-for-sale debt securities	—	155.2	—	155.2
Total	**$ —**	**$ 179.2**	**$ —**	**$ 179.2**
Liabilities				
Risk management liabilities	$ —	$ 320.0	$ —	$ 320.0
Total	**$ —**	**$ 320.0**	**$ —**	**$ 320.0**

Recurring Fair Value MeasurementsDecember 31, 2019 *(in millions)*	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of December 31, 2019
Assets				
Risk management assets	$ —	$ 4.4	$ —	$ 4.4
Available-for-sale debt securities	—	154.2	—	154.2
Total	**$ —**	**$ 158.6**	**$ —**	**$ 158.6**
Liabilities				
Risk management liabilities	$ —	$ 146.6	$ —	$ 146.6
Total	**$ —**	**$ 146.6**	**$ —**	**$ 146.6**

Risk Management Assets and Liabilities. Risk management assets and liabilities include interest rate swaps, exchange-traded NYMEX futures and NYMEX options and non-exchange-based forward purchase contracts. When utilized, exchange-traded derivative contracts are based on unadjusted quoted prices in active markets and are classified within Level 1. These financial assets and liabilities are secured with cash on deposit with the exchange; therefore, nonperformance risk has not been incorporated into these valuations. Certain non-exchange-traded derivatives are valued using broker or over-the-counter, on-line exchanges. In such cases, these non-exchange-traded derivatives are classified within Level 2. Non-exchange-based derivative instruments include swaps, forwards, and options. In certain instances, these instruments may utilize models to measure fair value. We use a similar model to value similar instruments. Valuation models utilize various inputs that include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, other observable inputs for the asset or liability and market-corroborated inputs, (i.e., inputs derived principally from or corroborated by observable market data by correlation or other means). Where observable inputs are available for substantially the full term of the asset or liability, the instrument is categorized within Level 2. Certain derivatives trade in less active markets with a lower availability of pricing information and models may be utilized in the valuation. When such inputs have a

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

significant impact on the measurement of fair value, the instrument is categorized within Level 3. Credit risk is considered in the fair value calculation of derivative instruments that are not exchange-traded. Credit exposures are adjusted to reflect collateral agreements which reduce exposures. As of June 30, 2020 and December 31, 2019, there were no material transfers between fair value hierarchies. Additionally, there were no changes in the method or significant assumptions used to estimate the fair value of our financial instruments.

We have entered into forward-starting interest rate swaps to hedge the interest rate risk on coupon payments of forecasted issuances of long-term debt. These derivatives are designated as cash flow hedges. Credit risk is considered in the fair value calculation of each agreement. As they are based on observable data and valuations of similar instruments, the hedges are categorized within Level 2 of the fair value hierarchy. There was no exchange of premium at the initial date of the swaps, and we can settle the contracts at any time. For additional information, see Note 11, "Risk Management Activities."

NIPSCO has entered into long-term forward natural gas purchase instruments that range from five to ten years to lock in a fixed price for its natural gas customers. We value these contracts using a pricing model that incorporates market-based information when available, as these instruments trade less frequently and are classified within Level 2 of the fair value hierarchy. For additional information, see Note 11, “Risk Management Activities.”

Available-for-Sale Debt Securities. Available-for-sale debt securities are investments pledged as collateral for trust accounts related to our wholly-owned insurance company. We value U.S. Treasury, corporate debt and mortgage-backed securities using a matrix pricing model that incorporates market-based information. These securities trade less frequently and are classified within Level 2.

We adopted ASC 326 effective January 1, 2020. See "Recently Adopted Accounting Pronouncements" in Note 2, "Recent Accounting Pronouncements," for more information about ASC 326. Upon adoption of ASC 326, our available-for-sale debt securities impairments are recognized periodically using an allowance approach instead of an 'other than temporary' impairment model. At each reporting date, we utilize a quantitative and qualitative review process to assess the impairment of available-for-sale debt securities at the individual security level. For securities in a loss position, we evaluate our intent to sell or whether it is more-likely-than-not that we will be required to sell the security prior to the recovery of its amortized cost. If either criteria is met, the loss is recognized in earnings immediately, with the offsetting entry to the carrying value of the security. If both criteria are not met, we perform an analysis to determine whether the unrealized loss is related to credit factors. The analysis focuses on a variety of factors that include, but are not limited to, downgrade on ratings of the security, defaults in the current reporting period or projected defaults in the future, the security's yield spread over treasuries, and other relevant market data. If the unrealized loss is not related to credit factors, it is included in other comprehensive income. If the unrealized loss is related to credit factors, the loss is recognized as credit loss expense in earnings during the period, with an offsetting entry to the allowance for credit losses. The amount of the credit loss recorded to the allowance account is limited by the amount at which security's fair value is less than its amortized cost basis. If the credit losses in the allowance for credit losses are deemed uncollectible, the allowance on the uncollectible portion will be charged off, with an offsetting entry to the carrying value of the security. Subsequent improvements to the estimated credit losses of available-for-sale debt securities will be recognized immediately in earnings instead of over-time as they would under historic guidance. During the six months ended June 30, 2020, we recorded $0.8 million as an allowance for credit losses on available-for-sale debt securities as a result of the analysis described above. Continuous credit monitoring and portfolio credit balancing mitigates our risk of credit losses on our available-for-sale debt securities.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

The amortized cost, gross unrealized gains and losses, allowance for credit losses, and fair value of available-for-sale securities at June 30, 2020 and December 31, 2019 were:

June 30, 2020 *(in millions)*	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses(1)	Allowance for Credit Losses	Fair Value
Available-for-sale debt securities					
U.S. Treasury debt securities	$ 25.8	$ 0.5	$ —	$ —	$ 26.3
Corporate/Other debt securities	125.6	6.6	(2.5)	(0.8)	128.9
Total	**$ 151.4**	**$ 7.1**	**$ (2.5)**	**$ (0.8)**	**$ 155.2**

December 31, 2019 *(in millions)*	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses(2)	Allowance for Credit Losses	Fair Value
Available-for-sale debt securities					
U.S. Treasury debt securities	$ 31.4	$ 0.1	$ (0.1)	$ —	$ 31.4
Corporate/Other debt securities	118.7	4.2	(0.1)	—	122.8
Total	**$ 150.1**	**$ 4.3**	**$ (0.2)**	**$ —**	**$ 154.2**

(1)Fair value of U.S. Treasury debt securities and Corporate/Other debt securities in an unrealized loss position without an allowance for credit losses is $0 and $26.1 million, respectively, at June 30, 2020.
(2)Fair value of U.S. Treasury debt securities and Corporate/Other debt securities in an unrealized loss position without an allowance for credit losses is $17.2 million and $12.2 million, respectively, at December 31, 2019.

Realized gains and losses on available-for-sale securities were immaterial for the three and six months ended June 30, 2020 and 2019.

The cost of maturities sold is based upon specific identification. At June 30, 2020, approximately $4.2 million of U.S. Treasury debt securities and approximately $5.0 million of Corporate/Other debt securities have maturities of less than a year.

There are no material items in the fair value reconciliation of Level 3 assets and liabilities measured at fair value on a recurring basis for the three and six months ended June 30, 2020 and 2019.

Non-recurring Fair Value Measurements

We measure the fair value of certain assets on a non-recurring basis, typically annually or when events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. These assets include goodwill.

As of June 30, 2020, the Massachusetts Business met the requirements under GAAP to be classified as held for sale, and the assets and liabilities of the Massachusetts Business are measured at fair value, less costs to sell. Our estimated total pre-tax loss for the three and six months ended June 30, 2020 is $84.4 million and $364.6 million, respectively. For additional information, see Note 7, "Assets and Liabilities Held for Sale."

B. Other Fair Value Disclosures for Financial Instruments. The carrying amount of cash and cash equivalents, restricted cash, customer deposits and short-term borrowings is a reasonable estimate of fair value due to their liquid or short-term nature. Our long-term borrowings are recorded at historical amounts.

The following method and assumptions were used to estimate the fair value of each class of financial instruments.

Long-term Debt. The fair value of outstanding long-term debt is estimated based on the quoted market prices for the same or similar securities. Certain premium costs associated with the early settlement of long-term debt are not taken into consideration in determining fair value. These fair value measurements are classified within Level 2 of the fair value hierarchy. For the three and six months ended June 30, 2020, there was no change in the method or significant assumptions used to estimate the fair value of long-term debt.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

The carrying amount and estimated fair values of these financial instruments were as follows:

(in millions)	**Carrying Amount as of June 30, 2020**	**Estimated Fair Value as of June 30, 2020**	Carrying Amount as of Dec. 31, 2019	Estimated Fair Value as of Dec. 31, 2019
Long-term debt (including current portion)	**$ 8,825.8**	**$ 10,493.6**	$ 7,869.6	$ 8,764.4

13. Transfers of Financial Assets

Columbia of Ohio, NIPSCO and Columbia of Pennsylvania each maintain a receivables agreement whereby they transfer their customer accounts receivables to third-party financial institutions through wholly-owned and consolidated special purpose entities. The three agreements expire between August 2020 and May 2021 and may be further extended if mutually agreed to by the parties thereto.

All receivables transferred to third parties are valued at face value, which approximates fair value due to their short-term nature. The amount of the undivided percentage ownership interest in the accounts receivables transferred is determined in part by required loss reserves under the agreements.

Transfers of accounts receivable are accounted for as secured borrowings resulting in the recognition of short-term borrowings on the Condensed Consolidated Balance Sheets (unaudited). As of June 30, 2020, the maximum amount of debt that could be recognized related to our accounts receivable programs is $350.0 million.

The following table reflects the gross receivables balance and net receivables transferred, as well as short-term borrowings related to the securitization transactions as of June 30, 2020 and December 31, 2019:

(in millions)	**June 30, 2020**	December 31, 2019
Gross Receivables	**$ 467.3**	$ 569.1
Less: Receivables not transferred	**153.8**	215.9
Net receivables transferred	**$ 313.5**	$ 353.2
Short-term debt due to asset securitization	**$ 313.5**	$ 353.2

For the six months ended June 30, 2020 and 2019, $39.7 million and $79.2 million, respectively, was recorded as cash flows used for financing activities related to the change in short-term borrowings due to securitization transactions. Fees associated with the securitization transactions were $0.8 million and $0.6 million for the three months ended June 30, 2020 and 2019, respectively and $1.5 million and $1.4 million for the six months ended June 30, 2020 and 2019, respectively. Columbia of Ohio, NIPSCO and Columbia of Pennsylvania remain responsible for collecting on the receivables securitized, and the receivables cannot be transferred to another party.

14. Goodwill

The following presents our goodwill balance allocated by segment as of June 30, 2020:

(in millions)	Gas Distribution Operations	Electric Operations	Corporate and Other	**Total**
Goodwill	$ 1,485.9	$ —	$ —	**$ 1,485.9**

For our annual goodwill impairment analysis performed as of May 1, 2020, we completed a quantitative "step 1" fair value measurement of our reporting units with a goodwill balance. This analysis incorporated the latest available income statement and cash flow projections, including significant, identifiable impacts of COVID-19 on the operations of each of our goodwill reporting units. We also incorporated other significant inputs to our fair value calculations, including discount rate and market multiples, to reflect current market conditions. The step 1 analysis performed indicated that the fair value of each reporting unit that is allocated goodwill significantly exceeded its carrying value. As a result, no impairment charge was recorded as of the May 1, 2020 test date.

While our annual goodwill impairment test was performed with a valuation date of May 1, 2020, we continue to monitor events and circumstances that may indicate that it is more likely than not that the fair value of our reporting units is less than the

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reporting unit carrying value, including the on-going evaluation of the impact of COVID-19. At June 30, 2020, we assessed events and circumstances related to COVID-19, including, but not limited to, general economic conditions, access to capital, developments in the equity and credit markets, the impact on NiSource's share price, the availability and cost of materials and labor, the impact on revenue and cash flow, and regulatory and political activity. The results of this assessment indicated that it was not more likely than not that the fair values of our reporting units were less than their respective carrying values at June 30, 2020.

During the fourth quarter of 2019, in connection with the preparation of the year-end financial statements, we assessed the matters related to Columbia of Massachusetts (see Note 19-B, "Legal Proceedings") and determined a quantitative "step 1" impairment analysis was required for our Columbia of Massachusetts reporting unit. The December 31, 2019 impairment analysis indicated that the fair value of the Columbia of Massachusetts reporting unit was below its carrying value. As a result, we reduced the Columbia of Massachusetts reporting unit goodwill balance to zero and recognized a goodwill impairment charge totaling $204.8 million in 2019.

15. Income Taxes

Our interim effective tax rates reflect the estimated annual effective tax rates for 2020 and 2019, adjusted for tax expense associated with certain discrete items. The effective tax rates for the three months ended June 30, 2020 and 2019 were 491.7% and 19.6%, respectively. The effective tax rates for the six months ended June 30, 2020 and 2019 were (14.5)% and 20.3%, respectively. These effective tax rates differ from the federal statutory tax rate of 21% primarily due to increased amortization of excess deferred federal income tax liabilities, as specified in the TCJA, tax credits, state income taxes and other permanent book-to-tax differences.

The increase in the three month effective tax rates of 472.1% in 2020 compared to 2019 is primarily attributable to the non-deductible payment in lieu of penalties, offset by increased amortization of excess deferred federal income tax liabilities and state income taxes.

The decrease in the six month effective tax rates of 34.8% in 2020 compared to 2019 is primarily attributed to the increased amortization of excess deferred federal income tax liabilities and lower state income taxes, offset by the non-deductible payment in lieu of penalties. See Note 7, "Assets and Liabilities Held for Sale," for additional information on the payment in lieu of penalties.

There were no material changes recorded in 2020 to our uncertain tax positions recorded as of December 31, 2019.

Other CARES Act Tax Matters. The CARES Act was enacted on March 27, 2020 in response to the COVID-19 pandemic. The CARES Act contains numerous income tax provisions, such as relaxing limitations on the deductibility of interest and the use of net operating losses arising in taxable years beginning after December 31, 2017. Under the provisions of the CARES Act, we have deferred payroll tax payments of approximately $9.9 million through June 30, 2020. We continue to monitor additional guidance to clarify provisions in the CARES Act (as well as under the TCJA) to determine if such guidance could ultimately increase or lessen their impact on our business and financial condition. It is also possible that Congress and other agencies will enact additional legislation or policies in connection with COVID-19, and we will continue to assess the potential impacts of these developments on our financial position and results of operations. There are no material income tax impacts on our consolidated financial position, results of operations, and cash flows during the six months ended June 30, 2020.

16. Pension and Other Postretirement Benefits

We provide defined contribution plans and noncontributory defined benefit retirement plans that cover certain of our employees. Benefits under the defined benefit retirement plans reflect the employees' compensation, years of service and age at retirement. Additionally, we provide health care and life insurance benefits for certain retired employees. The majority of employees may become eligible for these benefits if they reach retirement age while working for us. The expected cost of such benefits is accrued during the employees' years of service. For most plans, cash contributions are remitted to grantor trusts.

For the six months ended June 30, 2020, we contributed $1.5 million to our pension plans and $11.5 million to our other postretirement benefit plans.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

The following table provides the components of the plans' actuarially determined net periodic benefit cost for the three and six months ended June 30, 2020 and 2019:

Three Months Ended June 30, *(in millions)*	Pension Benefits 2020	Pension Benefits 2019	Other Postretirement Benefits 2020	Other Postretirement Benefits 2019
Components of Net Periodic Benefit Cost[1]				
Service cost	**$ 8.0**	$ 7.3	**$ 1.6**	$ 1.3
Interest cost	**13.5**	18.2	**3.9**	4.8
Expected return on assets	**(28.4)**	(27.2)	**(3.6)**	(3.3)
Amortization of prior service credit	**0.2**	—	**(0.5)**	(0.8)
Recognized actuarial loss	**8.7**	11.4	**1.3**	0.5
Total Net Periodic Benefit Cost	**$ 2.0**	$ 9.7	**$ 2.7**	$ 2.5

[1]The service cost component and all non-service cost components of net periodic benefit cost are presented in "Operation and maintenance" and "Other, net", respectively, on the Condensed Statements of Consolidated Income (Loss) (unaudited).

Six Months Ended June 30, *(in millions)*	Pension Benefits 2020	Pension Benefits 2019	Other Postretirement Benefits 2020	Other Postretirement Benefits 2019
Components of Net Periodic Benefit Cost[1]				
Service cost	**$ 16.0**	$ 14.6	**$ 3.2**	$ 2.6
Interest cost	**27.0**	36.4	**7.8**	9.6
Expected return on assets	**(56.8)**	(54.4)	**(7.2)**	(6.6)
Amortization of prior service credit	**0.4**	—	**(1.0)**	(1.6)
Recognized actuarial loss	**17.4**	22.8	**2.6**	1.0
Total Net Periodic Benefit Cost	**$ 4.0**	$ 19.4	**$ 5.4**	$ 5.0

[1]The service cost component and all non-service cost components of net periodic benefit cost are presented in "Operation and maintenance" and "Other, net", respectively, on the Condensed Statements of Consolidated Income (Loss) (unaudited).

17. Long-Term Debt

On April 13, 2020, we completed our issuance and sale of $1.0 billion of 3.60% senior unsecured notes maturing in 2030, which resulted in approximately $987.8 million of net proceeds after deducting commissions and expenses.

18. Short-Term Borrowings

We generate short-term borrowings from our revolving credit facility, commercial paper program, accounts receivable transfer programs and term loan agreement. Each of these borrowing sources is described further below.

We maintain a revolving credit facility to fund ongoing working capital requirements, including the provision of liquidity support for our commercial paper program, provide for issuance of letters of credit and also for general corporate purposes. Our revolving credit facility has a program limit of $1.85 billion and is comprised of a syndicate of banks led by Barclays. We had no outstanding borrowings under this facility as of June 30, 2020 and December 31, 2019.

Our commercial paper program has a program limit of up to $1.5 billion with a dealer group comprised of Barclays, Citigroup, Credit Suisse and Wells Fargo. We had no commercial paper outstanding as of June 30, 2020 and $570.0 million of commercial paper outstanding as of December 31, 2019.

Transfers of accounts receivable are accounted for as secured borrowings resulting in the recognition of short-term borrowings on the Condensed Consolidated Balance Sheets (unaudited). We had $313.5 million in transfers as of June 30, 2020 and $353.2 million in transfers as of December 31, 2019. Refer to Note 13, "Transfers of Financial Assets," for additional information.

On April 1, 2020, we terminated and repaid in full our existing $850.0 million term loan agreement with a syndicate of banks led by MUFG Bank, Ltd. and entered into a new $850.0 million term loan agreement with a syndicate of banks led by KeyBank

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National Association. The term loan matures March 31, 2021, at which point any and all outstanding borrowings under the agreement are due. Interest charged on borrowings depends on the variable rate structure we elect at the time of each borrowing. The available variable rate structures from which we may choose are defined in the term loan agreement. Under the agreement, we borrowed $850.0 million on April 1, 2020 with an interest rate of LIBOR plus 75 basis points.

Short-term borrowings were as follows:

(in millions)		**June 30, 2020**		December 31, 2019
Commercial paper weighted-average interest rate of 2.03% at December 31, 2019		—		570.0
Accounts receivable securitization facility		**313.5**		353.2
Term loan interest rate of 0.93% and 2.40% at June 30, 2020 and December 31, 2019, respectively		**850.0**		850.0
Total Short-Term Borrowings	**$**	**1,163.5**	$	1,773.2

Other than for the term loan, revolving credit facility and certain commercial paper borrowings, cash flows related to the borrowings and repayments of the items listed above are presented net in the Condensed Statements of Consolidated Cash Flows (unaudited) as their maturities are less than 90 days.

19. Other Commitments and Contingencies

A. Guarantees and Indemnities. We and certain of our subsidiaries enter into various agreements providing financial or performance assurance to third parties on behalf of certain subsidiaries as a part of normal business. Such agreements include guarantees and stand-by letters of credit. These agreements are entered into primarily to support or enhance the creditworthiness otherwise attributed to a subsidiary on a stand-alone basis, thereby facilitating the extension of sufficient credit to accomplish the subsidiaries' intended commercial purposes. As of June 30, 2020 and December 31, 2019, we had issued stand-by letters of credit of $10.2 million.

We have provided guarantees related to our future performance under BTAs for our renewable generation projects. At June 30, 2020, our guarantees for the Rosewater and Indiana Crossroads BTAs totaled $34.0 million. In July 2020, the amount of the guarantees increased to $195.6 million with the signing of the Rosewater equity capital contribution agreement. The amount of each guaranty will decrease upon the substantial completion of the construction of the facilities. See "- D. Other Matters - NIPSCO 2018 Integrated Resource Plan," below for more information.

B. Legal Proceedings. On September 13, 2018, a series of fires and explosions occurred in Lawrence, Andover and North Andover, Massachusetts related to the delivery of natural gas by Columbia of Massachusetts (the "Greater Lawrence Incident"). The Greater Lawrence Incident resulted in one fatality and a number of injuries, damaged multiple homes and businesses, and caused the temporary evacuation of significant portions of each municipality. The Massachusetts Governor's Office declared a state of emergency, authorizing the Massachusetts DPU to order another utility company to coordinate the restoration of utility services in Lawrence, Andover and North Andover. The incident resulted in the interruption of gas for approximately 7,500 gas meters, the majority of which served residences and approximately 700 of which served businesses, and the interruption of other utility service more broadly in the area. Columbia of Massachusetts has replaced the cast iron and bare steel gas pipeline system in the affected area and restored service to nearly all of the gas meters. See "- D. Other Matters - Greater Lawrence Pipeline Replacement" below for more information.

We are subject to inquiries and investigations by government authorities and regulatory agencies regarding the Greater Lawrence Incident, including the Massachusetts DPU and the Massachusetts Attorney General's Office, as described below. We are cooperating with all inquiries and investigations. In addition, on February 26, 2020, the Company and Columbia of Massachusetts entered into agreements with the U.S. Attorney's Office for the District of Massachusetts to resolve the U.S. Attorney's Office's investigation relating to the Greater Lawrence Incident, and on July 2, 2020, the Company and Columbia of Massachusetts entered into an agreement with the Massachusetts Attorney General's Office (among other parties) to resolve the Massachusetts investigations, as described below.

NTSB Investigation. As previously disclosed, the NTSB concluded its investigation into the Greater Lawrence Incident, and we are implementing the one remaining safety recommendation resulting from the investigation.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

Massachusetts Investigations. Under Massachusetts law, the Massachusetts DPU is authorized to investigate potential violations of pipeline safety regulations and to assess a civil penalty of up to $218,647 for a violation of federal pipeline safety regulations. A separate violation occurs for each day of violation up to $2.2 million for a related series of violations. The Massachusetts DPU also is authorized to investigate potential violations of the Columbia of Massachusetts emergency response plan and to assess penalties of up to $250,000 per violation per day, or up to $20.0 million per related series of violations. Further, as a result of the declaration of emergency by the Governor, the Massachusetts DPU is authorized to investigate potential violations of the Massachusetts DPU's operational directives during the restoration efforts and assess penalties of up to $1.0 million per violation. Pursuant to these authorities, the Massachusetts DPU is investigating Columbia of Massachusetts as described below, although a Settlement Agreement resolving the investigations is currently pending approval (as defined and further described below).

After the Greater Lawrence Incident, the Massachusetts DPU retained an independent evaluator to conduct a statewide examination of the safety of the natural gas distribution system and the operational and maintenance functions of natural gas companies in the Commonwealth of Massachusetts. Through authority granted by the Massachusetts Governor under the state of emergency, the Chair of the Massachusetts DPU has directed all natural gas distribution companies operating in the Commonwealth to fund the statewide examination. The statewide examination is complete. The Phase I report, which was issued in May 2019, included a program level assessment and evaluation of natural gas distribution companies. The Phase I report's conclusions were statewide and contained no specific conclusions about Columbia of Massachusetts. Phase II, which was focused on field assessments of each Massachusetts gas company, concluded in December 2019. The Phase II report made several observations about and recommendations to Massachusetts gas companies, including Columbia of Massachusetts, with regard to safety culture and assets. The final report was issued in late January 2020, and the Massachusetts DPU directed each natural gas distribution company operating in Massachusetts to submit a plan in response to the report no later than February 28, 2020. Columbia of Massachusetts submitted its plan on February 28, 2020.

On September 11, 2019, the Massachusetts DPU issued an order directing Columbia of Massachusetts to take several specific actions to address concerns related to service lines abandoned during the restoration work following the Greater Lawrence Incident and to furnish certain information and periodic reports to the Massachusetts DPU.

On October 1, 2019, the Massachusetts DPU issued four orders to Columbia of Massachusetts in connection with the service lines abandoned during the Greater Lawrence Incident restoration, which require: (1) the submission of a detailed work plan to the Massachusetts DPU, (2) the completion of quality control work on certain abandoned services, (3) the payment for a third-party independent audit, to be contracted through the Massachusetts DPU, of all gas pipeline work completed as part of the incident restoration effort, and (4) prompt and full response to any requests for information by the third-party auditor. The Massachusetts DPU retained an independent evaluator to conduct this audit, and that third party evaluated compliance with Massachusetts and federal law, as well as any other operational or safety risks that may be posed by the pipeline work. The audit scope also included Columbia of Massachusetts' operations in the Lawrence Division and other service territories as appropriate.

Also in October 2019, the Massachusetts DPU issued three additional orders requiring: (1) daily leak surveillance and reporting in areas where abandoned services are located, (2) completion by November 15, 2019 of the work plan previously submitted describing how Columbia of Massachusetts would address the estimated 2,200 locations at which an inside meter set was moved outside the property as part of the abandoned service work completed during the Greater Lawrence Incident restoration, and (3) submission of a report by December 2, 2019 showing any patterns, trends or correlations among the non-compliant work related to the abandonment of service lines, gate boxes and curb boxes during the incident restoration.

On October 3, 2019, the Massachusetts DPU notified Columbia of Massachusetts that, absent Massachusetts DPU approval, it is currently allowed to perform only emergency work on its gas distribution system throughout its service territories in Massachusetts. The restrictions do not apply to Columbia of Massachusetts' work to address the previously identified issues with abandoned service lines and valve boxes in the Greater Lawrence, Massachusetts area. Columbia of Massachusetts is subject to daily monitoring by the Massachusetts DPU on any work that Columbia of Massachusetts conducts in Massachusetts. Such restrictions on work remain in place until modified by the Massachusetts DPU.

On October 25, 2019, the Massachusetts DPU issued two orders opening public investigations into Columbia of Massachusetts with respect to the Greater Lawrence Incident. The Massachusetts DPU opened the first investigation under its authority to determine compliance with federal and state pipeline safety laws and regulations, and to investigate Columbia of Massachusetts' responsibility for and response to the Greater Lawrence Incident and its restoration efforts following the

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incident. The Massachusetts DPU opened the second investigation under its authority to determine whether a gas distribution company has violated established standards regarding acceptable performance for emergency preparedness and restoration of service to investigate efforts by Columbia of Massachusetts to prepare for and restore service following the Greater Lawrence Incident. Separate penalties are applicable under each exercise of authority.

On December 23, 2019, the Massachusetts DPU issued an order defining the scope of its investigation into the response of Columbia of Massachusetts related to the Greater Lawrence Incident. The Massachusetts DPU identified three distinct time frames in which Columbia of Massachusetts handled emergency response and restoration directly: (1) September 13-14, 2018, (2) September 21 through December 16, 2018 (the Phase I restoration), and (3) September 27, 2019 through completion of restoration of outages resulting from the gas release event in Lawrence, Massachusetts that occurred on September 27, 2019. The Massachusetts DPU determined that it is appropriate to investigate separately, for each time period described above, the areas of response, recovery and restoration for which Columbia of Massachusetts was responsible. The Massachusetts DPU noted that it also may investigate the continued restoration and related repair work that took place after December 16, 2018 and, depending on the outcome of that investigation, may deem it appropriate to consider that period of restoration as an additional separate time period.

The Massachusetts DPU also noted that its investigation into all of the above described time periods is ongoing and that if the Massachusetts DPU determines, based on its investigation, that it is appropriate to treat the separate time frames as separate emergency events, it may impose up to the maximum statutory penalty for each event, pursuant to Mass. G.L. c. 164 Section 1J. This provision authorizes the Massachusetts DPU to investigate potential violations of the Columbia of Massachusetts emergency response plan and to assess penalties of up to $250,000 per violation per day, or up to $20 million per related series of violations.

In connection with its investigation related to the Greater Lawrence Incident, on February 4, 2020, the Massachusetts Attorney General's Office issued a request for documents primarily focused on the restoration work following the incident.

On June 22, 2020, the independent evaluator engaged by the Massachusetts DPU pursuant to the October 1, 2019 orders referenced above issued its assessment of the gas pipeline work completed as part of the incident restoration effort. The assessment included recommendations for Columbia of Massachusetts.

On July 2, 2020, the Massachusetts DPU notified Columbia of Massachusetts that all non-emergency related work to be conducted at regulator stations is suspended and directed the company to perform a review of all of its records related to regulator station facilities within the distribution system, upon completion of which Columbia of Massachusetts shall provide its findings and action plan to the Massachusetts DPU.

On July 2, 2020, NiSource, Columbia of Massachusetts, Eversource and Eversource Gas Company of Massachusetts, a wholly-owned subsidiary of Eversource ("EGMA"), filed with the Massachusetts DPU a joint petition for the approval of the purchase and sale of the Massachusetts Business (the "Transaction") as contemplated by the Asset Purchase Agreement and a proposed multi-year rate plan. The Asset Purchase Agreement provides for various closing conditions, including the receipt of the approval of the Massachusetts DPU and the final resolution or termination of all pending actions, claims and investigations, lawsuits or other legal or administrative proceedings against Columbia of Massachusetts and its affiliates under the jurisdiction of the Massachusetts DPU and all future actions, claims and investigations, lawsuits or other legal or administrative proceedings against NiSource, Columbia of Massachusetts and their affiliates relating to the Greater Lawrence Incident under the jurisdiction of the Massachusetts DPU, each as determined by NiSource in its reasonable discretion (the "DPU Required Resolution").

The petition includes and seeks approval of a settlement agreement executed on July 2, 2020 (the "Settlement Agreement") among, NiSource, Columbia of Massachusetts, Eversource, EGMA, the Massachusetts Attorney General's Office ("Massachusetts AGO"), the Massachusetts Department of Energy Resources ("DOER"), and the Low-Income Weatherization and Fuel Assistance Program Network (together with NiSource, Columbia of Massachusetts, Eversource, EGMA, the Massachusetts AGO and the DOER, the "Settling Parties"). The Settlement Agreement is conditioned on its approval in full by the Massachusetts DPU no later than September 30, 2020.

If the Massachusetts DPU does not approve the Settlement Agreement in its entirety by September 30, 2020, or if, for any reason, the closing of the Transaction does not take place, the Settlement Agreement will be null and void, even if already approved by the Massachusetts DPU. Notwithstanding the foregoing, the Massachusetts Attorney General may, in her sole discretion, or DOER may, in its sole discretion, rescind the Settlement Agreement in its entirety prior to the Massachusetts

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DPU's issuance of an order approving the Settlement Agreement; provided that notice of such rescission must be filed, or submitted electronically, in writing with the Massachusetts DPU. The Settling Parties agree that the requested date of September 30, 2020 for the approval of the Settlement Agreement may be extended upon the mutual consent of the Settling Parties and notification of such extension to the Massachusetts DPU.

Set forth below are descriptions of the provisions of the Settlement Agreement related to the DPU Required Resolution. The Settlement Agreement includes other provisions, including generally provisions related to ratemaking and activities of Eversource and EGMA to occur after the closing of the Transaction and other conditions, as further described in the Settlement Agreement.

Termination of Massachusetts DPU Regulatory Matters. Under the Settlement Agreement, the Settling Parties agree that the terms of the Settlement Agreement achieve the DPU Required Resolution under the Asset Purchase Agreement. Further, under the Settlement Agreement, Columbia of Massachusetts takes responsibility for the Greater Lawrence Incident and does not contest facts in the record sufficient to support the Massachusetts DPU's investigations into pipeline safety and emergency response in the two public investigations that the Massachusetts DPU opened pursuant to the October 25, 2019 orders referenced above (DPU 19-140 and 19-141, respectively). If adjudicated, Columbia of Massachusetts could be subject to the payment of penalties potentially up to the maximum allowed by law.

The Settling Parties also agree that, upon the closing of the Transaction, (1) all pending actions, claims, investigations, lawsuits and proceedings against NiSource, Columbia of Massachusetts and their affiliates, and all of the respective directors, officers, employees, agents and representatives of NiSource and Columbia of Massachusetts and their affiliates (such entities and individuals, collectively referred to as the "Discharged Persons"), under the Massachusetts DPU's jurisdiction, shall be considered settled, resolved, and terminated; and (2) all future actions, claims, investigations, lawsuits and proceedings, whether known or unknown, against the Discharged Persons, in each case, relating to, arising out of, or in connection with the Greater Lawrence Incident (as defined in the Asset Purchase Agreement), under the jurisdiction of the Massachusetts DPU shall be considered settled, resolved, and terminated. This includes the Massachusetts DPU's investigations into pipeline safety and emergency response in DPU 19-140 and 19-141, respectively, as well as any other regulatory matters that could have been raised by the Massachusetts DPU relating to, arising out of, or in connection with the Greater Lawrence Incident.

The Settling Parties also agree that, upon the closing of the Transaction, all pending actions, claims, investigations, lawsuits, and proceedings against the Discharged Persons, which are the subject of the Consent Order, shall be settled, resolved, and terminated. The "Consent Order" is a consent order the Massachusetts DPU will be issuing in DPU 19-140, including Compliance Actions (as defined in the Consent Order) that correspond to the entirety of cases pending before the Massachusetts DPU. The Settling Parties further agreed, upon the closing of the Transaction, that the Consent Order (and the Massachusetts DPU's associated Compliance Actions) addresses all outstanding pipeline safety compliance investigations, inquiries, or ongoing matters, regardless of whether subject to notices of probable violations (NOPVs) or related to the Greater Lawrence Incident, existing as of the execution date of the Settlement Agreement.

Termination of Massachusetts AGO Matters. Under the Settlement Agreement, the Settling Parties agree that, upon the closing of the Transaction, the Settlement Agreement shall constitute receipt from the Massachusetts AGO of an agreement, settlement, compromise, and consent: (1) to terminate with prejudice all pending actions, claims, lawsuits, investigations, or proceedings under the jurisdiction of the Massachusetts AGO against the Discharged Persons relating, arising out of, or in connection with, the Greater Lawrence Incident; and (2) not to commence on its own behalf any new action, claim, lawsuit, investigation or proceeding against any of the Discharged Persons relating, arising out of, or in connection with, the Greater Lawrence Incident.

Payment in Lieu of Penalties. Under the Settlement Agreement, the Settling Parties agree that, at the closing of the Transaction, NiSource will make a payment in lieu of penalties in full settlement of all of the pending and potential claims, lawsuits, investigations or proceedings settled by and released by the Settlement Agreement in the amount of $56.0 million. This payment will be withheld from the proceeds received from Eversource at the closing of the Transaction. See Note 7, "Assets and Liabilities Held for Sale," for additional information.

Energy Relief Fund. Under the Settlement Agreement, the Settling Parties agree that the funds derived from the NiSource payment described above will be used to create an "Energy Relief Fund," comprised of two components, designated as the "Merrimack Valley Renewal Fund" and the "Arrearage Forgiveness Fund," in each case as further described in the Settlement Agreement. The Merrimack Valley Renewal Fund shall be jointly administered by the Massachusetts AGO and DOER. The Arrearage Forgiveness Fund shall be jointly administered by the Massachusetts AGO and Eversource.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

Massachusetts Legislative Matters. Increased scrutiny related to gas system safety and regulatory oversight in Massachusetts, including new legislative proposals, is expected to continue during the current two year legislative session that ends in December 2020. To date, the Joint Committee on Telecommunications, Utilities and Energy has advanced two separate bills related to gas system safety to the House and Senate Ways and Means Committees for consideration.

U.S. Department of Justice Investigation. On February 26, 2020, the Company and Columbia of Massachusetts entered into agreements with the U.S. Attorney’s Office to resolve the U.S. Attorney’s Office’s investigation relating to the Greater Lawrence Incident. Columbia of Massachusetts agreed to plead guilty in the United States District Court for the District of Massachusetts (the “Court”) to violating the Natural Gas Pipeline Safety Act (the “Plea Agreement”), and the Company entered into a Deferred Prosecution Agreement (the "DPA").

On March 9, 2020, Columbia of Massachusetts entered its guilty plea pursuant to the Plea Agreement, which the Court accepted. Subsequently, Columbia of Massachusetts and the U.S. Attorney’s Office modified the Plea Agreement. On June 23, 2020, the Court sentenced Columbia of Massachusetts in accordance with the terms of the modified Plea Agreement. Under the modified Plea Agreement, Columbia of Massachusetts is subject to the following terms, among others: (i) a criminal fine in the amount of $53,030,116 paid within 30 days of sentencing; (ii) a three year probationary period that will terminate early upon a sale of Columbia of Massachusetts or a sale of its gas distribution business to a qualified third-party buyer consistent with certain requirements, but in no event before the end of the one-year mandatory period of probation; (iii) compliance with each of the NTSB recommendations stemming from the Greater Lawrence Incident; and (iv) employment of an in-house monitor until the end of the term of probation or until the sale of Columbia of Massachusetts or its gas distribution business, whichever is earlier. Columbia of Massachusetts has retained the in-house monitor.

Under the DPA, the U.S. Attorney’s Office agreed to defer prosecution of the Company in connection with the Greater Lawrence Incident for a three-year period (which three-year period may be extended for twelve (12) months upon the U.S. Attorney’s Office’s determination of a breach of the DPA) subject to certain obligations of the Company, including, but not limited to, the following: (i) the Company will use reasonable best efforts to sell Columbia of Massachusetts or Columbia of Massachusetts’ gas distribution business to a qualified third-party buyer consistent with certain requirements, and, upon the completion of any such sale, the Company will cease and desist any and all gas pipeline and distribution activities in the District of Massachusetts; (ii) the Company will forfeit and pay, within 30 days of the later of the sale becoming final or the date on which post-closing adjustments to the purchase price are finally determined in accordance with the agreement to sell Columbia of Massachusetts or its gas distribution business, a fine equal to the total amount of the profit or gain, if any, from any sale of Columbia of Massachusetts or its gas distribution business, with the amount of profit or gain determined as provided in the DPA; and (iii) the Company agrees as to each of the Company’s subsidiaries involved in the distribution of gas through pipeline facilities in Massachusetts, Indiana, Ohio, Pennsylvania, Maryland, Kentucky and Virginia to implement and adhere to each of the recommendations from the NTSB stemming from the Greater Lawrence Incident. Pursuant to the DPA, if the Company complies with all of its obligations under the DPA, including, but not limited to those identified above, the U.S. Attorney’s Office will not file any criminal charges against the Company related to the Greater Lawrence Incident. If Columbia of Massachusetts withdraws its plea for any reason, if the Court rejects any aspect of the Plea Agreement, or if Columbia of Massachusetts should fail to perform an obligation under the Plea Agreement prior to the sale of Columbia of Massachusetts or its gas distribution business, the U.S. Attorney's Office may, at its sole option, render the DPA null and void.

U.S. Congressional Activity. On September 30, 2019, the U.S. Pipeline Safety Act expired. There is no effect on PHMSA's authority. Action on past re-authorization bills has extended past the expiration date and action on this re-authorization is expected to continue well into 2020. Pipeline safety jurisdiction resides with the U.S. Senate Commerce Committee and is divided between two committees in the U.S. House of Representatives (Energy and Commerce, and Transportation and Infrastructure). Legislative proposals are currently in various stages of committee development and the timing of further action is uncertain. Certain legislative proposals, if enacted into law, may increase costs for natural gas industry companies, including the Company and Columbia of Massachusetts.

Private Actions. Various lawsuits, including several purported class action lawsuits, have been filed by various affected residents or businesses in Massachusetts state courts against the Company and/or Columbia of Massachusetts in connection with the Greater Lawrence Incident. A special judge has been appointed to hear all pending and future cases and the class actions have been consolidated into one class action. On January 14, 2019, the special judge granted the parties’ joint motion to stay all cases until April 30, 2019 to allow mediation, and the parties subsequently agreed to extend the stay until July 25, 2019. The class action lawsuits allege varying causes of action, including those for strict liability for ultra-hazardous activity, negligence, private nuisance, public nuisance, premises liability, trespass, breach of warranty, breach of contract, failure to warn, unjust enrichment, consumer protection act claims, negligent, reckless and intentional infliction of emotional distress and gross negligence, and seek actual compensatory damages, plus treble damages, and punitive damages.

On July 26, 2019, the Company, Columbia of Massachusetts and NiSource Corporate Services Company, a subsidiary of the Company, entered into a term sheet with the class action plaintiffs under which they agreed to settle the class action claims in connection with the Greater Lawrence Incident. Columbia of Massachusetts agreed to pay $143 million into a settlement fund to compensate the settlement class and the settlement class agreed to release Columbia of Massachusetts and affiliates from all claims arising out of or related to the Greater Lawrence Incident. The following claims are not covered under the proposed settlement because they are not part of the consolidated class action: (1) physical bodily injury and wrongful death; (2) insurance subrogation, whether equitable, contractual or otherwise; and (3) claims arising out of appliances that are subject to the Massachusetts DPU orders. Emotional distress and similar claims are covered under the proposed settlement unless they are secondary to a physical bodily injury. The settlement class is defined under the term sheet as all persons and businesses in the three municipalities of Lawrence, Andover and North Andover, Massachusetts, subject to certain limited exceptions. The motion for preliminary approval and the settlement documents were filed on September 25, 2019. The preliminary approval court hearing was held on October 7, 2019 and the court issued an order granting preliminary approval of the settlement on October 11, 2019. The Court granted final approval of the settlement on March 12, 2020.

With respect to claims not included in the consolidated class action, many of the asserted wrongful death and bodily injury claims have settled, and we continue to discuss potential settlements with remaining claimants. In addition, the Commonwealth of Massachusetts is seeking reimbursement from Columbia of Massachusetts for its expenses incurred in connection with the Greater Lawrence Incident. The outcomes and impacts of such private actions are uncertain at this time.

Shareholder Derivative Lawsuit. On April 28, 2020, a shareholder derivative lawsuit was filed by the City of Detroit Police and Fire Retirement System in the United States District Court for the District of Delaware against certain of the Company’s current and former directors, alleging breaches of fiduciary duty with respect to the pipeline safety management systems relating to the distribution of natural gas prior to the Greater Lawrence Incident and also including claims related to the Company’s proxy statement disclosures regarding its safety systems. The remedies sought include damages for the alleged breaches of fiduciary duty, corporate governance reforms, and restitution of any unjust enrichment. The defendants have filed a motion to dismiss the lawsuit. Because of the preliminary nature of this lawsuit, the Company is not able to estimate a loss or range of loss, if any, that may be incurred in connection with this matter at this time.

Financial Impact. Since the Greater Lawrence Incident, we have recorded expenses of approximately $1,039 million for third-party claims and fines, penalties and settlements associated with government investigations. We estimate that total costs related to third-party claims and fines, penalties and settlements associated with government investigations resulting from the incident will range from $1,039 million to $1,055 million, depending on the number, nature, final outcome and value of third-party claims and the final outcome of government investigations. With regard to third-party claims, these costs include, but are not limited to, personal injury and property damage claims, damage to infrastructure, business interruption claims, and mutual aid payments to other utilities assisting with the restoration effort. These costs do not include costs of certain third-party claims and fines, penalties or settlements associated with government investigations that we are not able to estimate. These costs also do not include non-claims related and government investigation-related legal expenses resulting from the incident, the capital cost of the pipeline replacement and the payment in lieu of penalties, which are set forth in " - D. Other Matters - Greater Lawrence Incident Restoration," "- Greater Lawrence Incident Pipeline Replacement," and Note 7, "Assets and Liabilities Held for Sale," respectively.

The process for estimating costs associated with third-party claims and fines, penalties, and settlements associated with government investigations relating to the Greater Lawrence Incident requires management to exercise significant judgment based on a number of assumptions and subjective factors. As more information becomes known, including additional information regarding ongoing investigations, management’s estimates and assumptions regarding the financial impact of the Greater Lawrence Incident may change.

The aggregate amount of third-party liability insurance coverage available for losses arising from the Greater Lawrence Incident is $800 million. We have collected the entire $800 million. Total expenses related to the incident have exceeded the total amount of insurance coverage available under our policies. Refer to "- D. Other Matters - Greater Lawrence Incident Restoration," below for a summary of third-party claims-related expense activity and associated insurance recoveries recorded since the Greater Lawrence Incident.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

We are also party to certain other claims, regulatory and legal proceedings arising in the ordinary course of business in each state in which we have operations, none of which we believe to be individually material at this time.

Due to the inherent uncertainty of litigation, there can be no assurance that the outcome or resolution of any particular claim, proceeding or investigation related to the Greater Lawrence Incident or otherwise would not have a material adverse effect on our results of operations, financial position or liquidity. Certain matters in connection with the Greater Lawrence Incident have had or may have a material impact as described above. If one or more of such additional or other matters were decided against us, the effects could be material to our results of operations in the period in which we would be required to record or adjust the related liability and could also be material to our cash flows in the periods that we would be required to pay such liability.

C. Environmental Matters. Our operations are subject to environmental statutes and regulations related to air quality, water quality, hazardous waste and solid waste. We believe that we are in substantial compliance with the environmental regulations currently applicable to our operations.

It is management's continued intent to address environmental issues in cooperation with regulatory authorities in such a manner as to achieve mutually acceptable compliance plans. However, there can be no assurance that fines and penalties will not be incurred. Management expects a significant portion of environmental assessment and remediation costs to be recoverable through rates for certain of our companies.

As of June 30, 2020 and December 31, 2019, we had recorded a liability of $97.4 million and $104.4 million, respectively, to cover environmental remediation at various sites. The current portion of this liability is included in "Legal and environmental" in the Condensed Consolidated Balance Sheets (unaudited). The noncurrent portion is included in "Other noncurrent liabilities." We recognize costs associated with environmental remediation obligations when the incurrence of such costs is probable and the amounts can be reasonably estimated. The original estimates for remediation activities may differ materially from the amount ultimately expended. The actual future expenditures depend on many factors, including currently enacted laws and regulations, the nature and extent of impact and the method of remediation. These expenditures are not currently estimable at some sites. We periodically adjust our liability as information is collected and estimates become more refined.

Electric Operations' compliance estimates disclosed below are reflective of NIPSCO's Integrated Resource Plan submitted to the IURC on October 31, 2018. See section D, "Other Matters NIPSCO 2018 Integrated Resource Plan," below for additional information.

Air
Future legislative and regulatory programs could significantly limit allowed GHG emissions or impose a cost or tax on GHG emissions. Additionally, rules that require further GHG reductions or impose additional requirements for natural gas facilities could impose additional costs. NiSource will carefully monitor all GHG reduction proposals and regulations.

ACE Rule. On July 8, 2019, the EPA published the final ACE rule, which establishes emission guidelines for states to use when developing plans to limit carbon dioxide at coal-fired electric generating units based on heat rate improvement measures. The coal-fired units at NIPSCO’s R.M. Schahfer Generating Station and Michigan City Generating Station are potentially affected sources, and compliance requirements for these units, which NIPSCO plans to retire by 2023 and 2028, respectively, will be determined by future Indiana rulemaking. The ACE rule notes that states have “broad flexibility in setting standards of performance for designated facilities” and that a state may set a “business as usual” standard for sources that have a remaining useful life “so short that imposing any costs on the electric generating unit is unreasonable.” State plans are due by 2022, and the EPA will have six months to determine completeness and then one additional year to determine whether to approve the submitted plan. States have the discretion to determine the compliance period for each source. As a result, NIPSCO will continue to monitor this matter and cannot estimate its impact at this time.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

Waste
CERCLA. Our subsidiaries are potentially responsible parties at waste disposal sites under the CERCLA (commonly known as Superfund) and similar state laws. Under CERCLA, each potentially responsible party can be held jointly, severally and strictly liable for the remediation costs as the EPA, or state, can allow the parties to pay for remedial action or perform remedial action themselves and request reimbursement from the potentially responsible parties. Our affiliates have retained CERCLA environmental liabilities, including remediation liabilities, associated with certain current and former operations. These liabilities are not material to the Condensed Consolidated Financial Statements (*unaudited*).

MGP. A program has been instituted to identify and investigate former MGP sites where Gas Distribution Operations subsidiaries or predecessors may have liability. The program has identified 63 such sites where liability is probable. Remedial actions at many of these sites are being overseen by state or federal environmental agencies through consent agreements or voluntary remediation agreements.

We utilize a probabilistic model to estimate our future remediation costs related to MGP sites. The model was prepared with the assistance of a third party and incorporates our experience and general industry experience with remediating MGP sites. We complete an annual refresh of the model in the second quarter of each fiscal year. No material changes to the estimated future remediation costs were noted as a result of the refresh completed as of June 30, 2020. Our total estimated liability related to the facilities subject to remediation was $92.0 million and $102.2 million at June 30, 2020 and December 31, 2019, respectively. The liability represents our best estimate of the probable cost to remediate the facilities. We believe that it is reasonably possible that remediation costs could vary by as much as $20 million in addition to the costs noted above. Remediation costs are estimated based on the best available information, applicable remediation standards at the balance sheet date and experience with similar facilities.

CCRs. On April 17, 2015, the EPA issued a final rule for regulation of CCRs. The rule regulates CCRs under the RCRA Subtitle D, which determines them to be nonhazardous. The rule is implemented in phases and requires increased groundwater monitoring, reporting, recordkeeping and posting of related information to the Internet. The rule also establishes requirements related to CCR management and disposal. The rule allows NIPSCO to continue its byproduct beneficial use program.

To comply with the rule, NIPSCO completed capital expenditures to modify its infrastructure and manage CCRs during 2019. The CCR rule also resulted in revisions to previously recorded legal obligations associated with the retirement of certain NIPSCO facilities. The actual asset retirement costs related to the CCR rule may vary substantially from the estimates used to record the increased asset retirement obligation due to the uncertainty about the requirements that will be established by environmental authorities, compliance strategies that will be used, and the preliminary nature of available data used to estimate costs. As allowed by the rule, NIPSCO will continue to collect data over time to determine the specific compliance solutions and associated costs and, as a result, the actual costs may vary. NIPSCO has filed initial CCR closure plans for R.M. Schahfer Generating Station and Michigan City Generating Station with the Indiana Department of Environmental Management.

Water
ELG. On November 3, 2015, the EPA issued a final rule to amend the ELG and standards for the Steam Electric Power Generating category. Based upon a study performed in 2016 of the final rule, capital compliance costs were expected to be approximately $170 million. The EPA has proposed revisions to the final rule. NIPSCO does not anticipate material ELG compliance costs based on the preferred option announced as part of NIPSCO's 2018 Integrated Resource Plan (discussed below).

D**. Other Matters.**

NIPSCO 2018 Integrated Resource Plan. Multiple factors, but primarily economic ones, including low natural gas prices, advancing cost effective renewable technology and increasing capital and operating costs associated with existing coal plants, have led NIPSCO to conclude in its October 2018 Integrated Resource Plan submission that NIPSCO’s current fleet of coal generation facilities will be retired earlier than previous Integrated Resource Plan’s had indicated.

The Integrated Resource Plan evaluated demand-side and supply-side resource alternatives to reliably and cost effectively meet NIPSCO customers' future energy requirements over the ensuing 20 years. The preferred option within the Integrated Resource Plan retires R.M. Schahfer Generating Station (Units 14, 15, 17, and 18) by 2023 and Michigan City Generating Station (Unit 12) by 2028. These units represent 2,080 MW of generating capacity, equal to 72% of NIPSCO’s remaining generating capacity and 100% of NIPSCO's remaining coal-fired generating capacity.

In the second quarter of 2020, the MISO approved NIPSCO's plan to retire the R.M. Schahfer Generating Station units in 2023. In accordance with ASC 980-360, the net book value of certain plant and equipment for the R.M. Schahfer Generating Station units was reclassified from "Net utility plant" to "Other property, at cost, less accumulated depreciation" on the Condensed Consolidated Balance Sheets (unaudited). The December 2019 NIPSCO electric rate case order included approval to create a regulatory asset upon the retirement of R.M. Schahfer Generating Station units in 2023. The order allows for the recovery of and on the net book value of the units by the end of 2032. Refer to Note 8, "Property, Plant and Equipment" for further information.

In connection with the MISO's approval of NIPSCO's planned retirement of the R.M. Schahfer Generating Station units, we recorded $4.6 million of plant retirement-related charges in the second quarter of 2020. These charges were comprised of write downs of certain capital projects that have been cancelled and materials and supplies inventory balances deemed obsolete due to the planned retirement. These charges are presented within "Operation and maintenance" on the Condensed Statements of Consolidated Income (Loss). As the retirement date approaches and more information becomes available, additional plant retirement-related charges may be incurred.

In connection with the planned retirement of the Schahfer Generating Station and Michigan City Generating Station units, the current capacity replacement plan includes lower-cost, reliable, cleaner energy resources to be obtained through a combination of NIPSCO ownership and PPAs. To this effect, NIPSCO has entered into a number of agreements with counterparties, as described below.

In January 2019, NIPSCO executed a 20 year PPA, referred to as the Jordan Creek PPA, to purchase 100% of the output from renewable generation facilities at a fixed price per MWh. The facility supplying the energy will have a nameplate wind capacity of approximately 400 MW. NIPSCO submitted the Jordan Creek PPA to the IURC for approval in February 2019 and the IURC approved the Jordan Creek PPA on June 5, 2019. Payments under the Jordan Creek PPA will not begin until the associated generation facility is constructed by the owner / seller, which is currently scheduled to be complete by the end of 2020. NIPSCO is monitoring any possible impact COVID-19 may have on the expected completion date of this project.

Also in January 2019, NIPSCO executed a BTA, referred to as the Rosewater BTA, with a developer to construct a renewable generation facility with a nameplate wind capacity of approximately 100 MW. Ownership of the facility will be transferred to a joint venture whose members include NIPSCO, the developer and an unrelated tax equity partner. NIPSCO and the tax equity partner will make cash contributions to the partnership at the date construction is substantially complete. The aforementioned joint venture is expected to be fully owned by NIPSCO after the wind PTCs are monetized from the project (approximately 10 years after the facility goes into service). NIPSCO's purchase requirement under the Rosewater BTA is dependent on satisfactory approval of the Rosewater BTA by the IURC, successful execution of an agreement with a tax equity partner and timely completion of construction. NIPSCO submitted the Rosewater BTA to the IURC for approval in February 2019 and the IURC approved the Rosewater BTA on August 7, 2019. The required FERC approvals for the project were received in December 2019. NIPSCO executed an equity capital contribution agreement with a tax equity partner in July 2020. Construction of the facility is scheduled to be completed by the end of 2020; however, this project could experience a construction delay due to COVID-19. NIPSCO is continuing to monitor the impact of COVID-19.

On October 1, 2019, NIPSCO announced the opening of its next round of RFP to consider potential resources to meet the future electric needs of its customers. The RFP closed on November 20, 2019, and NIPSCO continues to evaluate the results. NIPSCO is considering all sources in the RFP process and is expecting to obtain adequate resources to facilitate the retirement of the R.M. Schahfer Generation Station in 2023. The planned replacement in 2023 of approximately 1,400 MW from this coal-fired generation station could provide incremental capital investment opportunities for 2022 and 2023. Currently, half of the capacity in the replacement plan is targeted to be owned by joint ventures that will include NIPSCO and unrelated financial investors as the members. The remaining new capacity is expected to be primarily in the form of PPAs. NIPSCO has initiated the appropriate regulatory compliance filings related to the new capacity, starting with two solar PPAs filed with the IURC in July 2020. We expect to continue finalizing agreements with counterparties and initiating regulatory compliance filings into 2021.

In October 2019, NIPSCO executed a BTA, referred to as the Indiana Crossroads BTA, with a developer to construct an additional renewable generation facility with a nameplate wind capacity of approximately 300 MW. Ownership of the facility will be transferred to a joint venture whose members include NIPSCO, the developer and an unrelated tax equity partner. NIPSCO and the tax equity partner will make cash contributions to the partnership at the date construction is substantially complete. The aforementioned joint venture is expected to be fully owned by NIPSCO after the wind PTCs are monetized from the project (approximately 10 years after the facility goes into service). NIPSCO's purchase requirement under the Indiana

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

Crossroads BTA is dependent on satisfactory approval of the Indiana Crossroads BTA by the IURC, successful execution of an agreement with a tax equity partner, and timely completion of construction. NIPSCO submitted the Indiana Crossroads BTA to the IURC for approval on October 22, 2019, and the IURC approved the Indiana Crossroads BTA on February 19, 2020. Required FERC filings are expected to be filed in the second half of 2020. Construction of the facility is expected to be completed by the end of 2021.

In June 2020, NIPSCO executed three additional 20 year PPAs to purchase 100% of the output from renewable generation facilities at a fixed price per MWh. The facilities supplying the energy will have a combined nameplate solar capacity of approximately 500 MW and 30 MW storage capacity. NIPSCO's purchase requirement under the PPAs is dependent on satisfactory approval of the PPAs by the IURC. NIPSCO submitted two of the PPAs to the IURC for approval in July 2020. NIPSCO plans to submit the third PPA to the IURC for approval in the second half of 2020. If approved by the IURC, payments under the PPAs will not begin until the associated generation facilities are constructed by the owner / seller, which is expected to be complete by the second quarter of 2023.

On May 1, 2020, President Donald Trump issued an executive order (the “EO”) prohibiting any transaction initiated after that day that (i) involves bulk-power system equipment designed, developed, manufactured or supplied by persons owned by, controlled by or subject to the jurisdiction or direction of a foreign adversary and (ii) poses an unacceptable risk to national security. The EO directs the U.S. Secretary of Energy to issue implementing regulations by September 28, 2020. The EO also requires the U.S. Secretary of Energy to review the risk of existing bulk-power system equipment sourced from foreign adversaries and to establish a task force to review and recommend federal procurement policies and procedures consistent with the considerations identified in the EO. In the future, certain bulk-power system equipment owned or operated by NiSource could possibly be considered to be sourced from a foreign adversary within the meaning of the EO.

Greater Lawrence Incident Restoration. In addition to the amounts estimated for third-party claims and fines, penalties and settlements associated with government investigations described above, since the Greater Lawrence Incident, we have recorded expenses of approximately $436 million for other incident-related costs. We estimate that total other incident-related costs will range from $445 million and $455 million, depending on the incurrence of costs associated with resolving outstanding inquiries and investigations discuss above in " - B. Legal Proceedings." Such costs include certain consulting costs, legal costs, vendor costs, claims center costs, labor and related expenses incurred in connection with the incident, and insurance-related loss surcharges. The amounts set forth above do not include the capital cost of the pipeline replacement, which is set forth below, or any estimates for fines and penalties, which are discussed above in " - B. Legal Proceedings."

As discussed in "- B. Legal Proceedings," the aggregate amount of third-party liability insurance coverage available for losses arising from the Greater Lawrence Incident is $800 million. We have collected the entire $800 million. Expenses related to the incident have exceeded the total amount of insurance coverage available under our policies.

The following table summarizes expenses incurred and insurance recoveries recorded since the Greater Lawrence Incident. This activity is presented within "Operation and maintenance" and "Other, net' in our Condensed Statements of Consolidated Income (Loss) (unaudited).

(in millions)	Total Costs Incurred through December 31, 2019	**Costs Incurred during the Three Months Ended June 30, 2020**	**Costs Incurred during the Six Months Ended June 30, 2020**	Incident to Date
Third-party claims	$ 1,041	**$ (2)**	**$ (2)**	$ 1,039
Other incident-related costs	420	**7**	**16**	436
Total	1,461	**5**	**14**	1,475
Insurance recoveries recorded	(800)	**—**	**—**	(800)
Total costs incurred	$ 661	**$ 5**	**$ 14**	$ 675

Greater Lawrence Pipeline Replacement. In connection with the Greater Lawrence Incident, Columbia of Massachusetts, in cooperation with the Massachusetts Governor’s office, replaced the entire affected 45-mile cast iron and bare steel pipeline system that delivers gas to approximately 7,500 gas meters, the majority of which serve residences and approximately 700 of which serve businesses impacted in the Greater Lawrence Incident. This system was replaced with plastic distribution mains and service lines, as well as enhanced safety features such as pressure regulation and excess flow valves at each premise.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

We have invested approximately $258 million of capital spend for the pipeline replacement; this work was completed in 2019. We maintain property insurance for gas pipelines and other applicable property. Columbia of Massachusetts has filed a proof of loss with its property insurer for the full cost of the pipeline replacement. In January 2020, we filed a lawsuit against the property insurer, seeking payment of our property claim. We are currently unable to predict the timing or amount of any insurance recovery under the property policy. This pipeline replacement cost is part of the Massachusetts Business that is classified as held for sale at June 30, 2020. The assets and liabilities of the Massachusetts Business have been recorded at fair value, less costs to sell, which has resulted in a loss being recorded as of June 30, 2020. See Note 7, "Assets and Liabilities Held for Sale," for additional information.

State Income Taxes Related to Greater Lawrence Incident Expenses. As of December 31, 2018, expenses related to the Greater Lawrence Incident were $1,023 million. In the fourth quarter of 2019, we filed an application for Alternative Apportionment with the MA DOR to request an allocable approach to these expenses for purposes of Massachusetts state income taxes, which, if approved, would result in a state deferred tax asset of approximately $50 million, net. The MA DOR issued a denial during the first quarter of 2020. We filed an application for abatement in the second quarter of 2020 and believe it is reasonably possible that the application will be accepted or an alternative method will be proposed by the MA DOR within the next six to nine months.

Voluntary Separation Program. On August 5, 2020, we commenced a voluntary separation program for certain employees. Expense for the voluntary separation program will be recognized in the period when the employee accepts the offer, absent a retention period. Otherwise, expense will be recognized over the remaining service period. Employee acceptance under the voluntary separation program is determined by management based on facts and circumstances of the benefits being offered. As the voluntary separation program commenced August 5, 2020, and benefits are dependent upon the employees who elect to participate in, and ultimately qualify for, the program, we did not recognize any expense for the program for the three and six months ended June 30, 2020.

20. Accumulated Other Comprehensive Loss

The following tables display the components of Accumulated Other Comprehensive Loss:

Three Months Ended June 30, 2020 *(in millions)*	Gains and Losses on Securities[(1)]	Gains and Losses on Cash Flow Hedges[(1)]	Pension and OPEB Items[(1)]	AccumulatedOther Comprehensive Loss[(1)]
Balance as of April 1, 2020	$ (2.1)	$ (210.5)	$ (18.0)	$ (230.6)
Other comprehensive income before reclassifications	6.0	2.7	—	8.7
Amounts reclassified from accumulated other comprehensive income (loss)	(0.3)	—	0.3	—
Net current-period other comprehensive income	5.7	2.7	0.3	8.7
Balance as of June 30, 2020	**$ 3.6**	**$ (207.8)**	**$ (17.7)**	**$ (221.9)**

(1)All amounts are net of tax. Amounts in parentheses indicate debits.

Six Months Ended June 30, 2020 *(in millions)*	Gains and Losses on Securities[(1)]	Gains and Losses on Cash Flow Hedges[(1)]	Pension and OPEB Items[(1)]	Accumulated Other Comprehensive Loss[(1)]
Balance as of January 1, 2020	$ 3.3	$ (77.2)	$ (18.7)	$ (92.6)
Other comprehensive income (loss) before reclassifications	0.8	(130.6)	0.4	(129.4)
Amounts reclassified from accumulated other comprehensive income (loss)	(0.5)	—	0.6	0.1
Net current-period other comprehensive income (loss)	0.3	(130.6)	1.0	(129.3)
Balance as of June 30, 2020	**$ 3.6**	**$ (207.8)**	**$ (17.7)**	**$ (221.9)**

(1)All amounts are net of tax. Amounts in parentheses indicate debits.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

Three Months Ended June 30, 2019 *(in millions)*	Gains and Losses on Securities[1]	Gains and Losses on Cash Flow Hedges[1]	Pension and OPEB Items[1]	Accumulated Other Comprehensive Loss[1]
Balance as of April 1, 2019	$ 0.4	$ (32.3)	$ (20.9)	$ (52.8)
Other comprehensive income (loss) before reclassifications	2.3	(30.5)	—	(28.2)
Amounts reclassified from accumulated other comprehensive income (loss)	(0.2)	—	0.4	0.2
Net current-period other comprehensive income (loss)	2.1	(30.5)	0.4	(28.0)
Balance as of June 30, 2019	$ 2.5	$ (62.8)	$ (20.5)	$ (80.8)

[1]All amounts are net of tax. Amounts in parentheses indicate debits.

Six Months Ended June 30, 2019 *(in millions)*	Gains and Losses on Securities[1]	Gains and Losses on Cash Flow Hedges[1]	Pension and OPEB Items[1]	Accumulated Other Comprehensive Loss[1]
Balance as of January 1, 2019	$ (2.4)	$ (13.0)	$ (21.8)	$ (37.2)
Other comprehensive income (loss) before reclassifications	5.0	(49.8)	0.5	(44.3)
Amounts reclassified from accumulated other comprehensive income (loss)	(0.1)	—	0.8	0.7
Net current-period other comprehensive income (loss)	4.9	(49.8)	1.3	(43.6)
Balance as of June 30, 2019	$ 2.5	$ (62.8)	$ (20.5)	$ (80.8)

[1]All amounts are net of tax. Amounts in parentheses indicate debits.

21. Other, Net

	Three Months Ended June 30,		Six Months Ended June 30,	
(in millions)	**2020**	2019	**2020**	2019
Interest income	**$ 1.4**	$ 1.2	**$ 3.1**	$ 3.3
AFUDC equity	**1.4**	2.5	**3.1**	4.2
Pension and other postretirement non-service cost	**3.1**	(3.1)	**5.8**	(5.9)
Miscellaneous	**0.6**	(0.9)	**(0.1)**	(2.6)
Total Other, net	**$ 6.5**	$ (0.3)	**$ 11.9**	$ (1.0)

22. Business Segment Information

At June 30, 2020, our operations are divided into two primary reportable segments. The Gas Distribution Operations segment provides natural gas service and transportation for residential, commercial and industrial customers in Ohio, Pennsylvania, Virginia, Kentucky, Maryland, Indiana and Massachusetts. The Electric Operations segment provides electric service in 20 counties in the northern part of Indiana.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

The following table provides information about our business segments. We use operating income as our primary measurement for each of the reported segments and make decisions on finance, dividends and taxes at the corporate level on a consolidated basis. Segment revenues include intersegment sales to affiliated subsidiaries, which are eliminated in consolidation. Affiliated sales are recognized on the basis of prevailing market, regulated prices or at levels provided for under contractual agreements. Operating income is derived from revenues and expenses directly associated with each segment.

	Three Months Ended June 30,		Six Months Ended June 30,	
(in millions)	**2020**	2019	**2020**	2019
Operating Revenues				
Gas Distribution Operations				
Unaffiliated	**$ 606.3**	$ 603.8	**$ 1,834.3**	$ 2,042.6
Intersegment	**3.0**	3.3	**6.0**	6.6
Total	**609.3**	607.1	**1,840.3**	2,049.2
Electric Operations				
Unaffiliated	**356.2**	406.4	**733.5**	837.2
Intersegment	**0.2**	0.2	**0.4**	0.4
Total	**356.4**	406.6	**733.9**	837.6
Corporate and Other				
Unaffiliated	**0.2**	0.2	**0.4**	0.4
Intersegment	**100.7**	114.2	**207.4**	225.3
Total	**100.9**	114.4	**207.8**	225.7
Eliminations	**(103.9)**	(117.7)	**(213.8)**	(232.3)
Consolidated Operating Revenues	**$ 962.7**	$ 1,010.4	**$ 2,568.2**	$ 2,880.2
Operating Income (Loss)				
Gas Distribution Operations	**$ 1.7**	$ 379.0	**$ 80.2**	$ 654.4
Electric Operations	**86.9**	85.7	**165.4**	180.7
Corporate and Other	**3.1**	(1.2)	**(5.7)**	2.6
Consolidated Operating Income	**$ 91.7**	$ 463.5	**$ 239.9**	$ 837.7

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

NiSource Inc.

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EXECUTIVE SUMMARY

This Management's Discussion and Analysis of Financial Condition and Results of Operations (Management's Discussion) analyzes our financial condition, results of operations and cash flows and those of our subsidiaries. It also includes management's analysis of past financial results and certain potential factors that may affect future results, potential future risks and approaches that may be used to manage those risks. See "Note regarding forward-looking statements" at the beginning of this report for a list of factors that may cause results to differ materially.

Management's Discussion is designed to provide an understanding of our operations and financial performance and should be read in conjunction with our Annual Report on Form 10-K for the fiscal year ended December 31, 2019.

We are an energy holding company under the Public Utility Holding Company Act of 2005 whose subsidiaries are fully regulated natural gas and electric utility companies serving customers in seven states. We generate substantially all of our operating income through these rate-regulated businesses, which are summarized for financial reporting purposes into two primary reportable segments: Gas Distribution Operations and Electric Operations.

Refer to the "Business" section of our Annual Report on Form 10-K for the fiscal year ended December 31, 2019 for further discussion of our regulated utility business segments.

Our goal is to develop strategies that benefit all stakeholders as we address changing customer conservation patterns, develop more contemporary pricing structures and embark on long-term investment programs. These strategies are intended to improve reliability and safety, enhance customer service and reduce emissions while generating sustainable returns. Additionally, we continue to pursue regulatory and legislative initiatives that will allow residential customers not currently on our system to obtain gas service in a cost effective manner. Refer also to the discussion of *Electric Supply* within our Electric Operations discussion for additional information on our long term electric generation strategy.

COVID-19: During the first quarter of 2020, the United States and countries around the globe were impacted by the outbreak of COVID-19. On March 11, 2020, the WHO declared the outbreak of COVID-19 to be a global pandemic. In response to this declaration and the rapid spread of COVID-19 within the United States, federal, state and local governments throughout the country have imposed varying degrees of restrictions on social and commercial activity to promote social distancing in an effort to slow the spread of the illness. These measures have had and continue to have a significant adverse impact upon many sectors of the economy.

We provide essential natural gas and electric services. The safety of our employees and customers, while providing these essential services during the COVID-19 pandemic, is paramount. Since March, 2020, we have taken a proactive, coordinated approach intended to prevent, mitigate and respond to COVID-19 by utilizing our Incident Command System (ICS), which includes members of our executive council, a medical review professional, and members of functional teams from across our company. The ICS monitors state-by-state conditions and determines steps to conduct our operations safely for employees and customers. This includes, without limitation, assessing COVID-19 cases, conditions and mandates by location, utilizing employee and customer health and mitigation plans, utilizing technology to maximize work-from-home capabilities, securing appropriate personal protective equipment and cleaning facilities, coordinating customer, employee and stakeholder messaging, and monitoring impacts to supply chain and contractor networks. We are also monitoring guidance from the Centers for Disease Control (CDC), as well as local, state and federal agencies.

We have implemented procedures designed to protect our employees who work in the field and who continue to work in operational and corporate facilities, including social distancing, wearing face coverings, temperature checks and more frequent cleaning of equipment and facilities. We have also implemented work-from-home policies. We have minimized non-essential work that requires an employee to enter a customer premise and limiting company vehicle occupancy to one person. We continue to employ physical and cyber-security measures to ensure that our operational and support systems remain functional. Our actions to date have mitigated the impact of COVID-19 on our employees. We have had a limited amount of known COVID cases within our company. We will continue to follow CDC guidance and implement safety measures to ensure our employees and customer safety during this pandemic.

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We have suspended shut-offs for non-payment and late payment charges in response to the COVID-19 pandemic. These suspensions apply to residential, commercial and industrial customers and are expected to remain in effect though the third or fourth quarters of 2020, depending on requirements provided by state regulatory commissions. In addition, we are offering more flexible payment plans to customers impacted or experiencing hardship as a result of COVID-19. The CARES Act was enacted on March 27, 2020 and provides monetary-relief and financial aid to individuals, business, nonprofits, states and municipalities. We are continuing to promote multiple resources available to customers including benefits from the CARES Act, such as additional funding for both the Low-Income Home Energy Assistance Program and the Community Services Block Grant to help support income-qualified customers. We are sharing energy efficiency tips to help customers save energy at home and promoting our budget plan program, which allows customers to pay about the same amount each month.

We continue to have interactions with the state regulatory commissions for each of our operating companies regarding COVID-19. These interactions primarily focus on steps we are taking to safely maintain essential services, including waivers of certain regulatory requirements, where needed, to allow for continued safe operations. We are also engaging regulators to address the short-term and long-term economic impact COVID-19 has, and may continue to have, on our customers and our operations. Regulatory deferrals have been allowed by the state regulatory commissions in Maryland, Ohio, Virginia, Pennsylvania and Indiana. For information on the impact of COVID-19 regulatory filings, see Note 10, "Regulatory Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited).

COVID-19 has resulted in new federal and state laws. Under the provisions of the CARES Act, we have deferred payroll tax payments of approximately $9.9 million through June 30, 2020. We believe the deferral of payroll tax payments could provide a cash flow benefit by delaying about $30.0 million of 2020 payroll tax payments, of which 50% would be due at the end of 2021 and the remaining 50% would be due at the end of 2022. Given the recent enactment of the CARES Act and additional guidance issued by the IRS, we are currently evaluating the impact of the employer payroll tax credits and other potentially applicable provisions. For information on the impact of the CARES Act on Income Taxes, see Note 15, "Income Taxes," in the Notes to Condensed Consolidated Financial Statements (unaudited).

COVID-19 has impacted our results of operation in the first half of 2020. As a result of COVID-19, we have experienced, and expect to continue to experience, changes in the demand for gas and electric. For the six months ended June 30, 2020, usage was lower compared to same period in 2019, with approximately $17.8 million in lower usage revenue primarily attributable to lower gas and electric commercial and industrial demand resulting from COVID-19, partially offset by higher residential demand primarily attributable to COVID-19 that resulted in higher residential usage revenue of approximately $6.9 million. Also, for the six months ended June 30, 2020, revenue from late payment and reconnections fees were lower compared to the same period in 2019, with approximately $3.8 million in reduced revenue primarily attributable to COVID-19. During the six months ended June 30, 2020, we incurred approximately $10.8 million in expenses for personal protective equipment and other COVID-19 related services and supplies, as well as higher bad debt expense in comparison to the same period in 2019 of approximately $7.2 million primarily resulting from economic conditions, as well as the suspension of shut-offs for non-payment. We did experience lower cash flows from operations in the second quarter of 2020 in comparison to the second quarter 2019; however, we believe we have sufficient liquidity for the next 12 to 24 months as a result of the refinancing of our $850 million term loan on April 1, 2020, the issuance of $1.0 billion notes on April 13, 2020, the anticipated cash proceeds from the sale of the Massachusetts Business that we expect to close by the end of the third quarter of 2020 or shortly thereafter, the available capacity under our short-term revolving credit facility and accounts receivable securitization facilities, and our ability to access capital markets. We have reduced our expected 2020 capital investments by $145 million to conserve cash. There are no other changes to our capital construction programs or our renewable generation projects. While we have not experienced any significant issues in our supply chain, we are actively managing the materials, supplies, and contract services for our generation, transmission, distribution, and customer services functions.

We are continuously evaluating and monitoring the impact of COVID-19 on our operating results and liquidity. We believe our future operating results and liquidity will be impacted by COVID-19. Such impact of COVID-19 includes, but is not limited to:

- Lower revenue and cash flow during the second half of 2020, in comparison to the second half of 2019, resulting from the decrease in commercial and industrial gas and electric demand as businesses comply with re-opening plans in each state and as businesses experience negative economic impact from COVID-19, potentially offset by higher residential demand.
- Lower revenue and cash flow during the second half of 2020, in comparison to the second half of 2019, due to the continuing suspension of late payment and reconnection fees.
- A decline in revenue in 2021 due to an increase in customer attrition rates, as well as lower revenue growth if customer additions slow due to a prolonged economic downturn.

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- A continued increase in bad debt and decrease in cash flows in the second half of 2020 and into 2021 resulting from the suspension of shut-offs and the inability of our customers to pay for their gas and electric service due to job loss or other factors, partially offset by regulatory deferral.
- A continued delay in cash flows in 2020 as customers utilized the more flexible payment plans.
- A sustained increase in COVID-19 related materials, supplies and contract services costs during the second half of 2020, partially offset by any allowed regulatory deferral of incremental COVID-19 related expenses, a reduction in non-safety related employee and administrative expenses, and efforts to address dis-synergies and improve efficiencies.
- An increase in internal labor costs from higher overtime costs in the second half of 2020.
- The impact of the employer payroll tax credit and payroll tax payment deferral under the CARES Act. As discussed above, we believe the deferral of payroll tax payments could provide a cash flow benefit in 2020 by delaying about $30.0 million of payroll tax payments. The IRS has issued additional guidance related to the employer tax credit as recently as mid-June, and we are currently evaluating the impact of the employer payroll tax credits.

In addition, we are monitoring the following areas that could impact our operating results and liquidity:

- A delay in cash flows in the event that the sale of the Massachusetts Business does not close by the end of the third quarter of 2020 or shortly thereafter, which could impact our liquidity.
- Future volatility in the capital and credit markets that could impact our liquidity by limiting our access to capital or increasing the cost of capital.
- A deterioration in market conditions that could reduce our reporting units' fair values below their carrying values, resulting in future goodwill impairment charges. Currently, we have no impairments related to goodwill or long lived assets.
- A potential increase in future pension expense and pension funding requirements due to the degradation of interest rates and capital market conditions. Any increase in pension expense would not be determined until the year-end remeasurement or at an interim remeasurement if triggered by higher than expected lump sum payments. We expect to trigger an interim remeasurement during the second half of 2020 due to higher than expected lump sum payments.
- Potential delays in capital construction projects, including the impact on our renewable generation projects.
- A potential reduction in labor availability and productivity due to the health impact COVID-19 could have on our employees and contractors.
- The potential for delayed state regulatory filings, regulatory approvals and recovery of invested capital.
- The impact of any new state regulatory actions and federal laws.

This is an evolving situation, and we cannot predict the extent or duration of the outbreak, or the total effects on the global, national or local economy, or our operations or financial results. We will continue to monitor developments affecting our workforce, customers, suppliers and operations and take additional measures as needed in an effort to help mitigate the impacts of the COVID-19 pandemic on our company and in our communities.

Greater Lawrence Incident: The Greater Lawrence Incident occurred on September 13, 2018. The following table summarizes expenses incurred and insurance recoveries recorded since the Greater Lawrence Incident. The amounts set forth in the table below do not include the estimated capital cost of the pipeline replacement described below and as set forth in Note 19- D, "Other Matters - Greater Lawrence Pipeline Replacement," in the Notes to Condensed Consolidated Financial Statements (unaudited).

(in millions)	Total Costs Incurred through December 31, 2019	**Costs Incurred during the Three Months Ended June 30, 2020**	**Costs Incurred during the Six Months Ended June 30, 2020**	Incident to Date
Third-party claims	$ 1,041	**$ (2)**	**$ (2)**	$ 1,039
Other incident-related costs	420	**7**	**16**	436
Total	1,461	**5**	**14**	1,475
Insurance recoveries recorded	(800)	**—**	**—**	(800)
Total costs incurred	$ 661	**$ 5**	**$ 14**	$ 675

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Inclusive of the $1,039 million of third-party claims and fines, penalties and settlements associated with government investigations recorded incident to date, we estimate that total costs related to third-party claims and fines, penalties and settlements associated with government investigations as set forth in Note 19, "Other Commitments and Contingencies - B. Legal Proceedings," will range from $1,039 million to $1,055 million, depending on the number, nature, final outcome and value of third-party claims and the final outcome of government investigations. These costs do not include costs of certain third-party claims and fines, penalties or settlements with government investigations that we are not able to estimate. These costs also do not include the payment in lieu of penalties, which is set forth in Note 7, "Assets and Liabilities Held for Sale."

We expect to incur a total of $445 million to $455 million in other incident-related costs, inclusive of the $436 million recorded for the incident to date, as set forth in Note 19, "Other Commitments and Contingencies - D. Other Matters - Greater Lawrence Incident Restoration."

The process for estimating costs associated with third-party claims and fines, penalties and settlements associated with government investigations relating to the Greater Lawrence Incident requires management to exercise significant judgment based on a number of assumptions and subjective factors. As more information becomes known, including additional information regarding ongoing investigations, management's estimates and assumptions regarding the financial impact of the Greater Lawrence Incident may change.

The aggregate amount of third-party liability insurance coverage available for losses arising from the Greater Lawrence Incident is $800 million. We have collected the entire $800 million.

We have invested approximately $258 million of capital spend for the pipeline replacement; this work was completed in 2019. We maintain property insurance for gas pipelines and other applicable property. Columbia of Massachusetts has filed a proof of loss with its property insurer for the full cost of the pipeline replacement. In January 2020, we filed a lawsuit against the property insurer, seeking payment of our property claim. We are currently unable to predict the timing or amount of any insurance recovery under the property policy. This pipeline replacement cost is part of the Massachusetts Business that is classified as held for sale at June 30, 2020. The assets and liabilities of the Massachusetts Business have been recorded at fair value, less costs to sell, which has resulted in a loss being recorded as of June 30, 2020. See Note 7, "Assets and Liabilities Held for Sale," in the Notes to Condensed Consolidated Financial Statements (unaudited) for additional information.

Refer to Note 19-B and D, "Legal Proceedings" and "Other Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited), "Summary of Consolidated Financial Results," "Results and Discussion of Segment Operation - Gas Distribution Operations," and "Liquidity and Capital Resources" in this Management's Discussion for additional information related to the Greater Lawrence Incident.

Columbia of Massachusetts Asset Sale: On February 26, 2020, NiSource and Columbia of Massachusetts entered into an Asset Purchase Agreement with Eversource. Upon the terms and subject to the conditions set forth in the Asset Purchase Agreement, we have agreed to sell the Massachusetts Business to Eversource for a purchase price of $1,100 million in cash, subject to adjustment. For additional information, see Note 7, "Assets and Liabilities Held for Sale," in the Notes to Condensed Consolidated Financial Statements (unaudited).

Strategic Initiative: We have launched a multi-year, enterprise-wide strategic initiative to better leverage our current scale, improve our cost structure and drive long-term capabilities. This initiative is expected to support continued substantial capital investments in our long-term safety and modernization programs, as well as our electric generation strategy, providing value to both customers and investors. The repositioning of executive leadership roles and responsibilities in May 2020, the strategic initiative, and a voluntary separation program for certain employees, which commenced on August 5, 2020, are the first steps in a process designed to ensure that we are best positioned to support our enhanced focus on safety, operational excellence and customer value.

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Summary of Consolidated Financial Results

A summary of our consolidated financial results for the three and six months ended June 30, 2020 and 2019 are presented below:

	Three Months Ended June 30,			Six Months Ended June 30,		
(in millions, except per share amounts)	**2020**	2019	2020 vs. 2019	**2020**	2019	2020 vs. 2019
Operating Revenues	**$ 962.7**	$ 1,010.4	$ (47.7)	**$ 2,568.2**	$ 2,880.2	$ (312.0)
Operating Expenses						
Cost of sales (excluding depreciation and amortization)	**188.4**	253.5	(65.1)	**650.8**	933.8	(283.0)
Other Operating Expenses	**682.6**	293.4	389.2	**1,677.5**	1,108.7	568.8
Total Operating Expenses	**871.0**	546.9	324.1	**2,328.3**	2,042.5	285.8
Operating Income	**91.7**	463.5	(371.8)	**239.9**	837.7	(597.8)
Total Other Deductions, net	**(90.5)**	(94.4)	3.9	**(178.0)**	(190.7)	12.7
Income Taxes	**5.9**	72.2	(66.3)	**(9.0)**	131.2	(140.2)
Net Income (Loss)	**(4.7)**	296.9	(301.6)	**70.9**	515.8	(444.9)
Preferred dividends	**(13.8)**	(13.8)	—	**(27.6)**	(27.6)	—
Net Income (Loss) Available to Common Shareholders	**(18.5)**	283.1	(301.6)	**43.3**	488.2	(444.9)
Basic Earnings (Loss) Per Share	**$ (0.05)**	$ 0.76	$ (0.81)	**$ 0.11**	$ 1.31	$ (1.20)
Basic Average Common Shares Outstanding	**383.5**	373.9	9.6	**383.3**	373.6	9.7

Our operations are affected by the cost of sales. Cost of sales (excluding depreciation and amortization) for the Gas Distribution Operations segment is principally comprised of the cost of natural gas used while providing transportation and distribution services to customers. Cost of sales (excluding depreciation and amortization) for the Electric Operations segment is comprised of the cost of coal, related handling costs, natural gas purchased for the internal generation of electricity at NIPSCO and the cost of power purchased from third-party generators of electricity. The majority of the cost of sales (excluding depreciation and amortization) are tracked costs that are passed through directly to the customer, resulting in an equal and offsetting amount reflected in operating revenues.

On a consolidated basis, we reported a net loss available to common shareholders of $18.5 million, or $0.05 per basic share for the three months ended June 30, 2020, compared to net income available to common shareholders of $283.1 million, or $0.76 per basic share for the same period in 2019. The decrease in income available to common shareholders during the second quarter of 2020 was primarily due to higher operating expenses due to insurance recoveries recorded in 2019, net of third-party claims and other costs, related to the Greater Lawrence Incident and an increase in the loss recorded for the classification as held for sale of the Massachusetts Business (see Note 7, "Assets and Liabilities Held for Sale," in the Notes to the Condensed Consolidated Financial Statements (unaudited) for additional information). In addition, COVID-19 impacted our results of operation as we have experienced unfavorable changes in commercial and industrial demand for Electric Operations and unfavorable changes in industrial demand for Gas Distribution Operations, as well as incremental COVID-19 related expenses. These increases in expense and decreases in demand are partially offset by lower income taxes in the second quarter (see "Income Taxes" below).

For the six months ended June 30, 2020, we reported net income available to common shareholders of $43.3 million, or $0.11 per basic share compared to net income available to common shareholders of $488.2 million, or $1.31 per basic share for the same period in 2019. The drivers for this decrease were consistent with that of the quarter-to-date period, with the addition of lower gas distribution operating revenues due to the effects of warmer weather in 2020.

Operating Income

For the three months ended June 30, 2020, we reported operating income of $91.7 million compared to operating income of $463.5 million for the same period in 2019. The decrease in operating income was primarily due to higher operating expenses due to insurance recoveries recorded in 2019, net of third-party claims and other costs, related to the Greater Lawrence Incident and the loss recorded for the classification as held for sale of the Massachusetts Business (see Note 7, "Assets and Liabilities Held for Sale," in the Notes to the Condensed Consolidated Financial Statements (unaudited) for additional information). In addition, COVID-19 impacted our results of operation as we have experienced unfavorable changes in the demand for gas and electric and incremental COVID-19 related expenses.

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For the six months ended June 30, 2020, we reported operating income of $239.9 million compared to operating income of $837.7 million for the same period in 2019. The drivers for this decrease were consistent with that of the quarter-to-date period, with the addition of lower gas distribution operating revenues due to the effects of warmer weather in 2020.

Other Deductions, net

Other deductions, net reduced income by $90.5 million in the second quarter of 2020 compared to a reduction in income of $94.4 million in the prior year. This change is primarily due to lower non-service pension costs driven by a decrease in the pension benefit obligations.

Other deductions, net reduced income by $178.0 million during the six months ended June 30, 2020 compared to a reduction in income of $190.7 million in the prior year. The drivers for this change were consistent with that of the quarter-to-date period.

Income Taxes

For the three and six months ended June 30, 2020, the decrease in income tax expense from 2019 to 2020 is primarily attributable to lower pre-tax income, increased amortization of excess deferred federal income tax liabilities, as specified in the TCJA, discrete items primarily related to the pre–tax book loss recorded for the classification as held for sale of the Massachusetts Business, adjusted for the non-deductible payment in lieu of penalties, tax effected at statutory tax rates.

Refer to Note 15, "Income Taxes," in the Notes to Condensed Consolidated Financial Statements (unaudited) for information on income taxes and the change in the effective tax rate.

Capital Investment

For the six months ended June 30, 2020, we invested $819.3 million in capital expenditures across our gas and electric utilities. These expenditures were primarily aimed at furthering the safety and reliability of our gas distribution system, system modernization projects and maintaining our existing electric generation fleet.

We continue to execute on an estimated $30 billion in total projected long-term regulated utility infrastructure investments and expect to invest a total of approximately $1.7 to $1.8 billion in capital during 2020 as we continue to focus on growth, safety and modernization projects across our operating area.

Liquidity

A primary focus of ours is to ensure the availability of adequate financing to fund our ongoing safety and infrastructure investment programs, which typically involves the issuance of debt and/or equity. In addition, expenses related to the Greater Lawrence Incident have exceeded the total amount of insurance coverage available under our policies. During 2020, we took certain actions to enhance our liquidity. On April 1, 2020, we terminated and repaid in full our existing $850.0 million term loan agreement and entered into a new $850.0 million term loan agreement that matures March 31, 2021. Also, on April 13, 2020, we completed the issuance and sale of $1.0 billion of senior unsecured notes resulting in approximately $987.8 million of net proceeds.

Through income generated from operating activities, amounts available under our short-term revolving credit facility, commercial paper program, accounts receivable securitization facilities, term loan borrowings, long-term debt agreements, our ability to access the capital markets, and the expected proceeds from the potential sale of the Massachusetts Business (see Note 7, "Assets and Liabilities Held for Sale," in the Notes to the Condensed Consolidated Financial Statements (unaudited) for additional information), we believe we have adequate capital available to fund our operating activities, capital expenditures, the effects of the Greater Lawrence Incident and the effects of COVID-19 for the next 12 to 24 months. As of June 30, 2020 and December 31, 2019, we had $1,982.0 million and $1,409.1 million, respectively, of net liquidity available, consisting of cash and available capacity under credit facilities.

These factors and other impacts to the financial results are discussed in more detail within the following discussions of "Results and Discussion of Segment Operations" and "Liquidity and Capital Resources." See the COVID-19 discussion in the introduction to the "Executive Summary" for discussion regarding the liquidity impact from COVID-19.

Regulatory Developments

During the quarter ended June 30, 2020, we continued to move forward on core infrastructure and environmental investment programs supported by complementary regulatory and customer initiatives across all seven states of our operating area. We also continue to monitor COVID-19 related regulatory impact. Refer to Note 10, "Regulatory Matters" and Note 19-D "Other Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for a complete discussion of key regulatory developments that have transpired during 2020.

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RESULTS AND DISCUSSION OF SEGMENT OPERATIONS

Presentation of Segment Information
Our operations are divided into two primary reportable segments: Gas Distribution Operations and Electric Operations.

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

NiSource Inc.
Gas Distribution Operations

Financial and operational data for the Gas Distribution Operations segment for the three and six months ended June 30, 2020 and 2019 are presented below:

	Three Months Ended June 30,			Six Months Ended June 30,		
(in millions)	**2020**	2019	2020 vs. 2019	**2020**	2019	2020 vs. 2019
Operating Revenues	**$ 609.2**	$ 607.1	$ 2.1	**$ 1,840.2**	$ 2,049.2	$ (209.0)
Operating Expenses						
Cost of sales (excluding depreciation and amortization)	**119.2**	136.7	(17.5)	**496.6**	686.8	(190.2)
Operation and maintenance	**263.1**	(60.3)	323.4	**593.2**	391.0	202.2
Depreciation and amortization	**86.8**	99.4	(12.6)	**183.3**	196.8	(13.5)
Loss on classification as held for sale	**84.4**	—	84.4	**364.6**	—	364.6
Gain on sale of assets	**—**	(0.1)	0.1	**—**	(0.1)	0.1
Other taxes	**54.0**	52.4	1.6	**122.3**	120.3	2.0
Total Operating Expenses	**607.5**	228.1	379.4	**1,760.0**	1,394.8	365.2
Operating Income	**$ 1.7**	$ 379.0	$ (377.3)	**$ 80.2**	$ 654.4	$ (574.2)
Revenues						
Residential	**$ 410.6**	$ 379.6	$ 31.0	**$ 1,233.9**	$ 1,355.6	$ (121.7)
Commercial	**124.1**	122.7	1.4	**398.1**	454.3	(56.2)
Industrial	**48.8**	53.0	(4.2)	**123.3**	136.0	(12.7)
Off-System	**8.0**	23.4	(15.4)	**26.7**	43.5	(16.8)
Other	**17.7**	28.4	(10.7)	**58.2**	59.8	(1.6)
Total	**$ 609.2**	$ 607.1	$ 2.1	**$ 1,840.2**	$ 2,049.2	$ (209.0)
Sales and Transportation (MMDth)						
Residential	**39.8**	32.2	7.6	**158.3**	172.9	(14.6)
Commercial	**28.4**	28.4	—	**102.1**	114.4	(12.3)
Industrial	**124.2**	125.4	(1.2)	**271.0**	273.5	(2.5)
Off-System	**4.1**	8.9	(4.8)	**15.3**	16.1	(0.8)
Other	**—**	0.1	(0.1)	**0.2**	0.3	(0.1)
Total	**196.5**	195.0	1.5	**546.9**	577.2	(30.3)
Heating Degree Days	**728**	499	229	**3,168**	3,396	(228)
Normal Heating Degree Days	**563**	563	—	**3,460**	3,427	33
% Colder (Warmer) than Normal	**29 %**	(11)%		**(8)%**	(1)%	
Gas Distribution Customers						
Residential				**3,237,131**	3,180,255	56,876
Commercial				**282,482**	279,450	3,032
Industrial				**5,983**	6,078	(95)
Other				**3**	3	—
Total				**3,525,599**	3,465,786	59,813

Cost of sales (excluding depreciation and amortization) for the Gas Distribution Operations segment is principally comprised of the cost of natural gas used while providing transportation and distribution services to customers. The cost of sales (excluding depreciation and amortization) are tracked costs that are passed through directly to the customer resulting in an equal and offsetting amount reflected in operating revenue. In addition, comparability of operation and maintenance expenses, depreciation and amortization, and other taxes may be impacted by regulatory, depreciation and tax trackers that allow for the recovery in rates of certain costs. Therefore, increases in these tracked operating expenses are offset by increases in operating revenues and have essentially no impact on net income.

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NiSource Inc.
Gas Distribution Operations

Three Months Ended June 30, 2020 vs. June 30, 2019 Operating Income
For the three months ended June 30, 2020, Gas Distribution Operations reported operating income of $1.7 million, a decrease of $377.3 million from the comparable 2019 period.

Operating revenues for the three months ended June 30, 2020 were $609.2 million, an increase of $2.1 million from the same period in 2019. The change in operating revenues was primarily driven by:

- New rates from base rate proceedings, infrastructure replacement programs and Columbia of Ohio's CEP of $12.1 million.
- Unfavorable adjustments in 2019 to the revenue reserve for the probable future refund of certain collections from customers as a result of the lower income tax rate from the TCJA of $5.1 million.
- The effects of customer growth of $5.0 million.
- Higher revenues from the effects of colder weather in 2020 of $4.4 million.
- Higher regulatory, tax and depreciation trackers, which are offset in operating expense, of $2.8 million.
- The effects of increased residential usage primarily related to COVID-19 of $0.7 million.

Partially offset by:

- Lower cost of sales (excluding depreciation and amortization) billed to customers, which is offset in operating expense, of $17.5 million.
- The effects of decreased industrial usage primarily related to COVID-19 of $4.7 million.
- The effects of decreased late payment and reconnection fees primarily related to COVID-19 of $3.0 million.
- Lower revenue from Columbia of Ohio's DSM incentive program of $1.1 million.

Operating expenses were $379.4 million higher for the three months ended June 30, 2020 compared to the same period in 2019. This change was primarily driven by:

- Insurance recoveries recorded in 2019, net of third-party claims and other costs, related to the Greater Lawrence Incident of $337.0 million.
- Loss on classification as held for sale related to the Massachusetts Business of $84.4 million.
- Increased bad debt expense primarily related to COVID-19 of $6.2 million.
- Increased expenses primarily due to the impact of COVID-19 related materials & supplies, outside services, and sequestration expenses of $5.2 million.
- Higher regulatory, tax and depreciation trackers, which are offset in operating revenue, of $2.8 million.

Partially offset by:

- Lower employee and administrative expenses of $22.4 million.
- Lower cost of sales (excluding depreciation and amortization) billed to customers, which is offset in operating revenue, of $17.5 million.
- Lower depreciation and amortization of $13.0 million due to a $15.0 million decrease in depreciation and amortization as a result of classifying the Massachusetts Business as held for sale, offset by a $2.0 million increase in depreciation and amortization primarily due to higher capital expenditures placed in service.

Six Months Ended June 30, 2020 vs. June 30, 2019 Operating Income
For the six months ended June 30, 2020, Gas Distribution Operations reported operating income of $80.2 million, a decrease of $574.2 million from the comparable 2019 period.

Operating revenues for the six months ended June 30, 2020 were $1,840.2 million, a decrease of $209.0 million from the same period in 2019. The change in operating revenues was primarily driven by:

- Lower cost of sales (excluding depreciation and amortization) billed to customers, which is offset in operating expense, of $190.2 million.
- Lower revenues from the effects of warmer weather in 2020 of $31.7 million.
- Lower regulatory, tax and depreciation trackers, which are offset in operating expense, of $11.1 million.

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NiSource Inc.
Gas Distribution Operations

- The effects of decreased industrial usage primarily related to COVID-19 of $4.7 million.
- The effects of decreased late payment and reconnection fees primarily related to COVID-19 of $3.0 million.

Partially Offset by:

- New rates from base rate proceedings, infrastructure replacement programs and Columbia of Ohio's CEP of $26.8 million.
- The effects of customer growth of $9.4 million.
- The effects of increased residential usage primarily related to COVID-19 of $0.7 million.

Operating expenses were $365.2 million higher for the six months ended June 30, 2020 compared to the same period in 2019. This change was primarily driven by:

- Loss on classification as held for sale related to the Massachusetts Business of $364.6 million.
- Insurance recoveries recorded in 2019, net of third-party claims and other costs, related to the Greater Lawrence Incident of $209.8 million.
- Increased bad debt expense primarily related to COVID-19 of $6.2 million.
- Increased expenses primarily due to the impact of COVID-19 related materials & supplies, outside services, and sequestration expenses of $6.1 million.
- Increased property taxes of $5.9 million due to higher capital expenditures placed in service.

Partially offset by:

- Lower cost of sales (excluding depreciation and amortization) billed to customers, which is offset in operating revenue, of $190.2 million.
- Lower depreciation and amortization of $13.4 million due to a $20.0 million decrease in depreciation and amortization as a result of classifying the Massachusetts Business as held for sale, offset by a $6.6 million increase in depreciation and amortization primarily due to higher capital expenditures placed in service.
- Lower regulatory, tax and depreciation trackers, which are offset in operating revenue, of $11.1 million.
- Lower employee and administrative expenses of $10.3 million.

Weather

In general, we calculate the weather-related revenue variance based on changing customer demand driven by weather variance from normal heating degree days. Our composite heating degree days reported do not directly correlate to the weather-related dollar impact on the results of Gas Distribution Operations. Heating degree days experienced during different times of the year or in different operating locations may have more or less impact on volume and dollars depending on when and where they occur. When the detailed results are combined for reporting, there may be weather-related dollar impacts on operations when there is not an apparent or significant change in our aggregated composite heating degree day comparison.

Weather in the Gas Distribution Operations service territories for the second quarter of 2020 was about 29% colder than normal and about 46% colder than 2019, leading to increased operating revenues of $4.4 million for the quarter ended June 30, 2020 compared to the same period in 2019.

Weather in the Gas Distribution Operations service territories for the six months ended June 30, 2020 was about 8% warmer than normal and about 7% warmer than 2019, leading to decreased operating revenues of $31.7 million for the six months ended June 30, 2020 compared to the same period in 2019.

Throughput

Total volumes sold and transported for the three months ended June 30, 2020 were 196.5 MMDth, compared to 195.0 MMDth for the same period in 2019. This increase is primarily attributable to colder weather in 2020 compared to 2019, offset by decreased usage by industrial customers primarily due to COVID-19.

Total volumes sold and transported for the six months ended June 30, 2020 were 546.9 MMDth, compared to 577.2 MMDth for the same period in 2019. This decrease is primarily attributable to warmer weather in 2020 compared to 2019 and decreased usage by industrial customers primarily due to COVID-19.

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NiSource Inc.
Gas Distribution Operations

Economic Conditions

All of our Gas Distribution Operations companies have state-approved recovery mechanisms that provide a means for full recovery of prudently incurred gas costs. Gas costs are treated as pass-through costs and have no impact on operating income recorded in the period. The gas costs included in revenues are matched with the gas cost expense recorded in the period and the difference is recorded on the Condensed Consolidated Balance Sheets (unaudited) as under-recovered or over-recovered gas cost to be included in future customer billings.

Certain Gas Distribution Operations companies continue to offer choice opportunities, where customers can choose to purchase gas from a third-party supplier, through regulatory initiatives in their respective jurisdictions. These programs serve to further reduce our exposure to gas prices.

COVID-19 has impacted many sectors of the economy. COVID-19 impacted our Gas Distribution Operations in the second quarter of 2020, as described above. We continue to monitor developments affecting our workforce, customers, suppliers and operations and will take additional measures as needed in an effort to help mitigate the impacts of the COVID-19 pandemic on our company and in our communities. See the COVID-19 discussion in the introduction to the "Executive Summary" for additional information.

Greater Lawrence Incident

Refer to Note 19-B, "Legal Proceedings," and D. "Other Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) and "Executive Summary" and "Liquidity and Capital Resources" in this Management's Discussion for additional information related to the Greater Lawrence Incident.

Columbia of Massachusetts Asset Sale

On February 26, 2020, we entered into an Asset Purchase Agreement with Eversource that provided for the sale of the Massachusetts Business to Eversource subject to terms and conditions set forth in the agreement. For additional information, see Note 7, "Assets and Liabilities Held for Sale," in the Notes to Condensed Consolidated Financial Statements (unaudited).

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NiSource Inc.
Electric Operations

Financial and operational data for the Electric Operations segment for the three and six months ended June 30, 2020 and 2019 are presented below:

	Three Months Ended June 30,			Six Months Ended June 30,		
(in millions)	**2020**	2019	2020 vs. 2019	**2020**	2019	2020 vs. 2019
Operating Revenues	**356.4**	$ 406.6	(50.2)	**733.9**	$ 837.6	$ (103.7)
Operating Expenses						
Cost of sales (excluding depreciation and amortization)	**69.2**	116.9	(47.7)	**154.2**	247.0	(92.8)
Operation and maintenance	**108.0**	123.8	(15.8)	**228.9**	245.5	(16.6)
Depreciation and amortization	**80.6**	69.2	11.4	**159.5**	137.4	22.1
Other taxes	**11.7**	11.0	0.7	**25.9**	27.0	(1.1)
Total Operating Expenses	**269.5**	320.9	(51.4)	**568.5**	656.9	(88.4)
Operating Income	**$ 86.9**	$ 85.7	$ 1.2	**$ 165.4**	$ 180.7	$ (15.3)
Revenues						
Residential	**$ 124.0**	$ 105.9	$ 18.1	**$ 243.2**	$ 224.7	$ 18.5
Commercial	**109.8**	115.2	(5.4)	**230.0**	234.5	(4.5)
Industrial	**86.5**	155.9	(69.4)	**195.6**	319.4	(123.8)
Wholesale	**2.8**	2.8	—	**6.0**	5.5	0.5
Other	**33.3**	26.8	6.5	**59.1**	53.5	5.6
Total	**$ 356.4**	$ 406.6	$ (50.2)	**$ 733.9**	$ 837.6	$ (103.7)
Sales (Gigawatt Hours)						
Residential	**834.0**	733.1	100.9	**1,589.5**	1,525.5	64.0
Commercial	**831.8**	891.0	(59.2)	**1,710.5**	1,785.4	(74.9)
Industrial	**1,467.5**	2,164.5	(697.0)	**3,538.6**	4,380.2	(841.6)
Wholesale	**4.9**	1.1	3.8	**76.3**	7.6	68.7
Other	**21.5**	22.3	(0.8)	**49.7**	56.8	(7.1)
Total	**3,159.7**	3,812.0	(652.3)	**6,964.6**	7,755.5	(790.9)
Cooling Degree Days	**292**	223	69	**292**	223	69
Normal Cooling Degree Days	**239**	245	(6)	**239**	245	(6)
% Warmer (Colder) than Normal	**22 %**	(9)%		**22 %**	(9)%	
Electric Customers						
Residential				**417,251**	412,990	4,261
Commercial				**57,236**	56,788	448
Industrial				**2,164**	2,272	(108)
Wholesale				**723**	732	(9)
Other				**2**	3	(1)
Total				**477,376**	472,785	4,591

Cost of sales (excluding depreciation and amortization) for the Electric Operations segment is principally comprised of the cost of coal, related handling costs, natural gas purchased for internal generation of electricity at NIPSCO, and the cost of power purchased from third-party generators of electricity. The majority of the cost of sales (excluding depreciation and amortization) are tracked costs that are passed through directly to the customer resulting in an equal and offsetting amount reflected in operating revenue. In addition, comparability of operation and maintenance expenses and depreciation and amortization may be impacted by regulatory and depreciation trackers that allow for the recovery in rates of certain costs. Therefore, increases in these tracked operating expenses are offset by increases in operating revenues and have essentially no impact on net income.

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Three Months Ended June 30, 2020 vs. June 30, 2019 Operating Income
For the three months ended June 30, 2020, Electric Operations reported operating income of $86.9 million, an increase of $1.2 million from the comparable 2019 period.

Operating revenues for the three months ended June 30, 2020 were $356.4 million, a decrease of $50.2 million from the same period in 2019. The change in operating revenues was primarily driven by:

- Lower cost of sales (excluding depreciation and amortization) billed to customers, which is offset in operating expense, of $47.7 million.
- Lower regulatory and depreciation trackers, which are offset in operating expense, of $7.8 million.
- The effects of decreased commercial and industrial usage primarily related to COVID-19 of $13.1 million.
- The effects of decreased late payment and reconnection fees primarily related to COVID-19 of $0.8 million.

Partially offset by:

- New rates from the recent base rate proceeding and electric transmission projects of $6.8 million.
- The effects of increased residential usage primarily related to COVID-19 of $6.2 million.
- Decreased fuel handling costs of $3.2 million.

Operating expenses were $51.4 million lower for the three months ended June 30, 2020 compared to the same period in 2019. This change was primarily driven by:

- Lower cost of sales (excluding depreciation and amortization) billed to customers, which is offset in operating revenue, of $47.7 million.
- Lower outside service costs of $14.6 million primarily related to lower generation-related maintenance.
- Lower regulatory and depreciation trackers, which are offset in operating revenues, of $7.8 million.
- Lower employee and administrative costs of $7.0 million.

Partially offset by:

- Increased depreciation of $15.4 million primarily attributable to higher depreciation rates from the recent rate case proceeding.
- Increased expenses primarily due to the impact of COVID-19 related materials and supplies, outside services, and sequestration expenses of $4.3 million.
- Increased bad debt expense of $1.0 million primarily due to the impact of COVID-19.

Six Months Ended June 30, 2020 vs. June 30, 2019 Operating Income
For the six months ended June 30, 2020, Electric Operations reported operating income of $165.4 million, a decrease of $15.3 million from the comparable 2019 period.

Operating revenues for the six months ended June 30, 2020 were $733.9 million, a decrease of $103.7 million from the same period in 2019. The change in operating revenues was primarily driven by:

- Lower cost of sales (excluding depreciation and amortization) billed to customers, which is offset in operating expense, of $92.8 million.
- Lower regulatory and depreciation trackers, which are offset in operating expense, of $15.1 million.
- The effects of decreased commercial and industrial usage primarily related to COVID-19 of $13.1 million.
- The effects of decreased late payment and reconnection fees primarily related to COVID-19 of $0.8 million.

Partially offset by:

- New rates from the recent base rate proceeding and electric transmission projects of $8.3 million.
- The effects of increased residential usage primarily related to COVID-19 of $6.2 million.

Operating expenses were $88.4 million lower for the six months ended June 30, 2020 compared to the same period in 2019. This change was primarily driven by:

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NiSource Inc.
Electric Operations

- Lower cost of sales (excluding depreciation and amortization) billed to customers, which is offset in operating revenue, of $92.8 million.
- Lower regulatory and depreciation trackers, which are offset in operating revenues, of $15.1 million.
- Lower outside services costs of $19.9 million primarily related to lower generation-related maintenance.

Partially offset by:

- Increased depreciation of $30.5 million primarily attributable to higher depreciation rates from the recent rate case proceeding.
- Increased expenses primarily due to the impact of COVID-19 related materials and supplies, outside services, and sequestration expenses of $4.7 million.
- Increased environmental costs of $3.6 million.
- Increased bad debt expense of $1.0 million primarily due to the impact of COVID-19.

Weather
In general, we calculate the weather-related revenue variance based on changing customer demand driven by weather variance from normal heating or cooling degree days. Our composite heating or cooling degree days reported do not directly correlate to the weather-related dollar impact on the results of Electric Operations. Heating or cooling degree days experienced during different times of the year may have more or less impact on volume and dollars depending on when they occur. When the detailed results are combined for reporting, there may be weather-related dollar impacts on operations when there is not an apparent or significant change in our aggregated composite heating or cooling degree day comparison.

Weather in the Electric Operations' territories for the second quarter of 2020 was about 22% warmer than normal and about 31% warmer than in 2019, resulting in increased operating revenues of $2.2 million for the quarter ended June 30, 2020 compared to the same period in 2019.

Weather in the Electric Operations' territories for the six months ended June 30, 2020 was about 22% warmer than normal and about 31% warmer than in 2019, resulting in increased operating revenues of $1.1 million for the six months ended June 30, 2020 compared to the same period in 2019.

Sales
Electric Operations sales for the second quarter of 2020 were 3,159.7 GWh, a decrease of 652.3 GWh compared to the same period in 2019. This decrease was primarily attributable to decreased usage by industrial and commercial customers due to COVID-19 and higher self-generation by industrial customers, partially offset by increased usage by residential customers primarily due to COVID-19.

Electric Operations sales for the six months ended June 30, 2020 were 6,964.6 GWh, a decrease of 790.9 GWh compared to the same period in 2019. This decrease was primarily attributable to decreased usage by industrial and commercial customers due to COVID-19 and higher self-generation by industrial customers, partially offset by increased usage by residential customers primarily due to COVID-19.

Economic Conditions
NIPSCO has a state-approved recovery mechanism that provides a means for full recovery of prudently incurred fuel costs. Fuel costs are treated as pass-through costs and have no impact on operating income recorded in the period. The fuel costs included in revenues are matched with the fuel cost expense recorded in the period and the difference is recorded on the Condensed Consolidated Balance Sheets (unaudited) as under-recovered or over-recovered fuel cost to be included in future customer billings.

COVID-19 has impacted many sectors of the economy. COVID-19 impacted Electric Operations in the second quarter of 2020, as described above. We continue to monitoring developments affecting our workforce, customers, suppliers and operations and will take additional measures as needed in an effort to help mitigate the impacts of the COVID-19 pandemic on our company and in our communities. See the COVID-19 discussion in the introduction to the "Executive Summary" for additional information.

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Electric Supply

NIPSCO 2018 Integrated Resource Plan. Multiple factors, but primarily economic ones, including low natural gas prices, advancing cost effective renewable technology and increasing capital and operating costs associated with existing coal plants, have led NIPSCO to conclude in its October 2018 Integrated Resource Plan submission that NIPSCO's current fleet of coal generation facilities will be retired earlier than previous Integrated Resource Plan's had indicated.

The Integrated Resource Plan evaluated demand-side and supply-side resource alternatives to reliably and cost effectively meet NIPSCO customers' future energy requirements over the ensuing 20 years. The preferred option within the Integrated Resource Plan retires R.M. Schahfer Generating Station (Units 14, 15, 17, and 18) by 2023 and Michigan City Generating Station (Unit 12) by 2028. These units represent 2,080 MW of generating capacity, equal to 72% of NIPSCO's remaining capacity and 100% of NIPSCO's remaining coal-fired generating capacity. In the second quarter of 2020, the MISO approved NIPSCO's plan to retire the R.M. Schahfer Generating Station units in 2023. The planned replacement in 2023 of approximately 1,400 MW of retiring coal-fired generation station could provide incremental capital investment opportunities of approximately $1.8 to $2.0 billion, primarily in 2022 and 2023. Refer to Note 8, "Property, Plant and Equipment" and Note 19-D, "Other Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for further information.

The current replacement plan includes lower-cost, reliable, cleaner energy resources to be obtained through a combination of NIPSCO ownership and PPAs. Commercial negotiations are advancing on BTAs representing a significant amount of additional solar capacity. We also expect to secure additional agreements with counterparties and initiate regulatory compliance filings into 2021. Refer to Note 19-D, "Other Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for additional information on the NIPSCO Integrated Resource Plan.

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Liquidity and Capital Resources

Greater Lawrence Incident: As discussed in the "Executive Summary" and Note 19, "Other Commitments and Contingencies," in the Notes to the Condensed Consolidated Financial Statements (unaudited), we have recorded and paid costs associated with the Greater Lawrence Incident and have invested capital to replace the entire affected 45-mile cast iron and bare steel pipeline system that delivers gas to the impacted area. As discussed in the Executive Summary and Note 19 referenced earlier in this paragraph, we may incur additional expenses and liabilities in excess of our recorded liabilities and estimated additional costs associated with the Greater Lawrence Incident. Since the Greater Lawrence Incident and through June 30, 2020, we have collected $800 million from insurance providers; however, total costs related to the incident have exceeded the total amount of insurance coverage available under our policies. To date, this excess has primarily been funded through short-term borrowings. We plan to use the expected proceeds from the sale of the Massachusetts Business to pay down these short-term borrowings. For additional information, see Note 7, "Assets and Liabilities Held for Sale," in the Notes to the Condensed Consolidated Financial Statements (unaudited).

Operating Activities
Net cash from operating activities for the six months ended June 30, 2020 was $707.7 million, a decrease of $218.5 million compared to the six months ended June 30, 2019. This decrease was driven by year over year increase in net payments related to the Greater Lawrence Incident. During 2020, we paid approximately $162 million compared to insurance recoveries of $108 million, net of payments, during 2019. Offsetting these cash outflows are higher accounts receivable collections in 2020 compared to 2019.

Investing Activities
Net cash used for investing activities for the six months ended June 30, 2020 was $886.6 million, a decrease of $11.4 million compared to the six months ended June 30, 2019. This decrease was mostly attributable to lower capital expenditures partially offset by higher cost of removal expenditures in 2020.

Our capital expenditures for the six months ended June 30, 2020 were $819.3 million compared to $843.5 million for the comparable period in 2019. The decrease was driven by reduced spend related to the Greater Lawrence Pipeline Replacement and Electric TDSIC projects, partially offset by an increase in customer growth projects. We project total 2020 capital expenditures to be approximately $1.7 to $1.8 billion.

Our cost of removal expenditures for the six months ended June 30, 2020 were $66.7 million compared to $55.7 million for the comparable period in 2019. The increase was driven by additional cost of removal projects completed by NIPSCO and Columbia of Ohio.

Financing Activities
Common Stock and Preferred Stock. Refer to Note 5, "Equity," in the Notes to Condensed Consolidated Financial Statements (unaudited) for information on common and preferred stock activity.

Long-term Debt. Refer to Note 17, "Long-Term Debt," in the Notes to Condensed Consolidated Financial Statements (unaudited) for information on long-term debt activity.

Short-term Debt. Refer to Note 18, "Short-Term Borrowings," in the Notes to Condensed Consolidated Financial Statements (unaudited) for information on short-term debt activity.

Net Available Liquidity. As of June 30, 2020, an aggregate of $1,982.0 million of net liquidity was available, including cash and credit available under the revolving credit facility and accounts receivable securitization programs.

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The following table displays our liquidity position as of June 30, 2020 and December 31, 2019:

(in millions)	**June 30, 2020**	December 31, 2019
Current Liquidity		
Revolving Credit Facility	**$ 1,850.0**	$ 1,850.0
Accounts Receivable Program[1]	**313.5**	353.2
Less:		
Commercial Paper	—	570.0
Accounts Receivable Program Utilized	**313.5**	353.2
Letters of Credit Outstanding Under Credit Facility	**10.2**	10.2
Add:		
Cash and Cash Equivalents	**142.2**	139.3
Net Available Liquidity	**$ 1,982.0**	$ 1,409.1

[1]Represents the lesser of the seasonal limit or maximum borrowings supportable by the underlying receivables.

Debt Covenants. We are subject to financial covenants under our revolving credit facility and term loan agreement, which require us to maintain a debt to capitalization ratio that does not exceed 70%. A similar covenant in a 2005 private placement note purchase agreement requires us to maintain a debt to capitalization ratio that does not exceed 75%. As of June 30, 2020, the ratio was 63.8%.

Sale of Trade Accounts Receivables. Refer to Note 13, "Transfers of Financial Assets," in the Notes to Condensed Consolidated Financial Statements (unaudited) for information on the sale of trade accounts receivable.

Credit Ratings. The credit rating agencies periodically review our ratings, taking into account factors such as our capital structure and earnings profile. The following table includes our and certain of our subsidiaries' credit ratings and ratings outlook as of June 30, 2020. In February 2020, S&P changed the outlook of us and certain of our subsidiaries from Negative to Stable. There were no other changes to the below credit ratings or outlooks since December 31, 2019.

A credit rating is not a recommendation to buy, sell, or hold securities, and may be subject to revision or withdrawal at any time by the assigning rating organization.

	S&P		Moody's		Fitch	
	Rating	Outlook	Rating	Outlook	Rating	Outlook
NiSource	BBB+	Stable	Baa2	Stable	BBB	Stable
NIPSCO	BBB+	Stable	Baa1	Stable	BBB	Stable
Columbia of Massachusetts	BBB+	Stable	Baa2	Stable	Not rated	Not rated
Commercial Paper	A-2	Stable	P-2	Stable	F2	Stable

Certain of our subsidiaries have agreements that contain "ratings triggers" that require increased collateral if our credit rating or the credit ratings of certain of our subsidiaries are below investment grade. These agreements are primarily for insurance purposes and for the physical purchase or sale of power. As of June 30, 2020, the collateral requirement that would be required in the event of a downgrade below the ratings trigger levels would amount to approximately $76.9 million. In addition to agreements with ratings triggers, there are other agreements that contain "adequate assurance" or "material adverse change" provisions that could necessitate additional credit support such as letters of credit and cash collateral to transact business.

Equity. Our authorized capital stock consists of 620,000,000 shares, $0.01 par value, of which 600,000,000 are common stock and 20,000,000 are preferred stock. As of June 30, 2020, 382,917,033 shares of common stock and 440,000 shares of preferred stock were outstanding.

Contractual Obligations. Aside from the previously referenced issuances of long-term debt and payments associated with the Greater Lawrence Incident, there were no material changes during the six months ended June 30, 2020 to our contractual obligations as of December 31, 2019.

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Guarantees and Indemnities. We and certain of our subsidiaries enter into various agreements providing financial or performance assurance to third parties on behalf of certain subsidiaries as a part of normal business. Refer to Note 19, "Other Commitments and Contingencies," in the Notes to the Condensed Consolidated Financial Statements (unaudited) for information on guarantees.

Off Balance Sheet Arrangements

We, along with certain of our subsidiaries, enter into various agreements providing financial or performance assurance to third parties on behalf of certain subsidiaries. Such agreements include guarantees and stand-by letters of credit.

Refer to Note 19, "Other Commitments and Contingencies," in the Notes to Condensed Consolidated Financial Statements (unaudited) for additional information about such arrangements.

Market Risk Disclosures

Risk is an inherent part of our businesses. The extent to which we properly and effectively identify, assess, monitor and manage each of the various types of risk involved in our businesses is critical to our profitability. We seek to identify, assess, monitor and manage, in accordance with defined policies and procedures, the following principal market risks that are involved in our businesses: commodity price risk, interest rate risk and credit risk. Risk management for us is a multi-faceted process with oversight by the Risk Management Committee that requires constant communication, judgment and knowledge of specialized products and markets. Our senior management takes an active role in the risk management process and has developed policies and procedures that require specific administrative and business functions to assist in the identification, assessment and control of various risks. These may include, but are not limited to market, operational, financial, compliance and strategic risk types. In recognition of the increasingly varied and complex nature of the energy business, our risk management process, policies and procedures continue to evolve and are subject to ongoing review and modification.

Our Risk Management Committee has been actively engaged in monitoring the impact of COVID-19 on our business. See the COVID-19 discussion in the introduction to the "Executive Summary" for risks that have been identified related to COVID-19.

Commodity Price Risk

We are exposed to commodity price risk as a result of our subsidiaries' operations involving natural gas and power. To manage this market risk, our subsidiaries use derivatives, including commodity futures contracts, swaps, forwards and options. We do not participate in speculative energy trading activity.

Commodity price risk resulting from derivative activities at our rate-regulated subsidiaries is limited, since regulations allow recovery of prudently incurred purchased power, fuel and gas costs through the ratemaking process, including gains or losses on these derivative instruments. If states should explore additional regulatory reform, these subsidiaries may begin providing services without the benefit of the traditional ratemaking process and may be more exposed to commodity price risk.

Our subsidiaries are required to make cash margin deposits with their brokers to cover actual and potential losses in the value of outstanding exchange traded derivative contracts. The amount of these deposits, some of which is reflected in our restricted cash balance, may fluctuate significantly during periods of high volatility in the energy commodity markets.

Refer to Note 11, "Risk Management Activities," in the Notes to Condensed Consolidated Financial Statements (unaudited) for further information on our commodity price risk assets and liabilities as of June 30, 2020 or December 31, 2019.

Interest Rate Risk

We are exposed to interest rate risk as a result of changes in interest rates on borrowings under our revolving credit agreement, commercial paper program, accounts receivable programs and term loan, which have interest rates that are indexed to short-term market interest rates. Based upon average borrowings and debt obligations subject to fluctuations in short-term market interest rates, an increase (or decrease) in short-term interest rates of 100 basis points (1%) would have increased (or decreased) interest expense by $3.4 million and $7.7 million for the three and six months ended June 30, 2020, and $5.1 million and $10.0 million for the three and six months ended June 30, 2019, respectively. We are also exposed to interest rate risk as a result of changes in benchmark rates that can influence the interest rates of future debt issuances.

Refer to Note 11, "Risk Management Activities," in the Notes to Condensed Consolidated Financial Statements (unaudited) for further information on our interest rate risk assets and liabilities as of June 30, 2020 and December 31, 2019.

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Credit Risk

Due to the nature of the industry, credit risk is embedded in many of our business activities. Our extension of credit is governed by a Corporate Credit Risk Policy. In addition, Risk Management Committee guidelines are in place which document management approval levels for credit limits, evaluation of creditworthiness, and credit risk mitigation efforts. Exposures to credit risks are monitored by the risk management function, which is independent of commercial operations. Credit risk arises due to the possibility that a customer, supplier or counterparty will not be able or willing to fulfill its obligations on a transaction on or before the settlement date. For derivative-related contracts, credit risk arises when counterparties are obligated to deliver or purchase defined commodity units of gas or power to us at a future date per execution of contractual terms and conditions. Exposure to credit risk is measured in terms of both current obligations and the market value of forward positions net of any posted collateral such as cash and letters of credit.

We closely monitor the financial status of our banking credit providers. We evaluate the financial status of our banking partners through the use of market-based metrics such as credit default swap pricing levels, and also through traditional credit ratings provided by major credit rating agencies.

Although individual state regulatory commissions have instituted regulatory moratoriums in connection with COVID-19 that impact our ability to pursue our credit risk mitigation practices for customer accounts receivable, we believe this to be temporary, and we expect to reinstate our common credit mitigation practices upon expiration of the state specific moratoriums. See the COVID-19 discussion in the introduction to the "Executive Summary" for risks that have been identified related to COVID-19.

Other Information

Critical Accounting Estimates

Refer to Note 3, "Revenue Recognition," in the Notes to Condensed Consolidated Financial Statements (unaudited) for additional information about management judgment used in determining allowance for credit losses related to COVID-19.

Refer to Note 14, "Goodwill," in the Notes to Condensed Consolidated Financial Statements (unaudited) for additional information about management judgment used in the annual goodwill impairment analysis performed as of May 1, 2020.

Refer to Note 19, "Other Commitments and Contingencies," in the Notes to Condensed Consolidated Financial Statements (unaudited) for additional information about management judgment used in the development of estimates related to the Greater Lawrence Incident.

Recently Issued Accounting Pronouncements

Refer to Note 2, "Recent Accounting Pronouncements," in the Notes to Condensed Consolidated Financial Statements (unaudited) for additional information about recently issued and adopted accounting pronouncements.

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ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

For a discussion regarding quantitative and qualitative disclosures about market risk see “Management’s Discussion and Analysis of Financial Condition and Results of Operations - Market Risk Disclosures.”

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our chief executive officer and our chief financial officer are responsible for evaluating the effectiveness of our disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)). Our disclosure controls and procedures are designed to provide reasonable assurance that the information required to be disclosed by us in reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosure and is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC. Based upon that evaluation, our chief executive officer and chief financial officer concluded that, as of the end of the period covered by this report, our disclosure controls and procedures were effective to provide reasonable assurance that financial information was processed, recorded and reported accurately.

Changes in Internal Controls

There have been no changes in our internal control over financial reporting during the fiscal quarter covered by this report that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

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NiSource Inc.

PART II

ITEM 1. LEGAL PROCEEDINGS

For a description of our legal proceedings, see Note 19-B, "Legal Proceedings," in the Notes to Condensed Consolidated Financial Statements (unaudited).

ITEM 1A. RISK FACTORS

Please refer to the risk factors set forth in Item 1A of the Company’s Annual Report on Form 10-K for the year ended December 31, 2019, as supplemented by the Part II, Item 1A of the Company's Quarterly Report on From 10-Q for the quarterly period ended March 31, 2020.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

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ITEM 6. EXHIBITS

NiSource Inc.

(4.1)	Form of 3.600% Notes due 2030 (incorporated by reference to Exhibit 4.1 of the NiSource Inc. Form 8-K filed on April 8, 2020).
(10.1)	Term Loan Agreement, dated as of April 1, 2020, among NiSource Inc., as Borrower, the lenders party thereto, and KeyBank National Association, as Administrative Agent, and KeyBank National Association, PNC Bank, National Association and U.S. Bank National Association, as Joint Lead Arrangers and Joint Bookrunners (incorporated by reference to Exhibit 10.1 of the NiSource Inc. 8-K filed on April 1, 2020).
(10.2)	Form of Restricted Stock Unit Award Agreement for Nonemployee Directors under the 2020 Omnibus Incentive Plan.*
(10.3)	Settlement Agreement, dated July 2, 2020, by and among Bay State Gas Company d/b/a Columbia Gas of Massachusetts, NiSource Inc., Eversource Gas Company of Massachusetts, Eversource Energy, the Massachusetts Attorney General's Office, the Massachusetts Department of Energy Resources the Low-Income Weatherization and Fuel Assistance Program Network (incorporated by reference to Exhibit 10.1 of the NiSource Inc. Form 8-K filed on July 6, 2020).
(10.4)	Addendum to Plea Agreement filed on or about June 21, 2020 in the United States District Court for the District of Massachusetts.*
(31.1)	Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
(31.2)	Certification of Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
(32.1)	Certification of Chief Executive Officer pursuant to 18. U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).*
(32.2)	Certification of Chief Financial Officer pursuant to 18. U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).*
(101.INS)	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
(101.SCH)	Inline XBRL Schema Document
(101.CAL)	Inline XBRL Calculation Linkbase Document
(101.LAB)	Inline XBRL Labels Linkbase Document
(101.PRE)	Inline XBRL Presentation Linkbase Document
(101.DEF)	Inline XBRL Definition Linkbase Document
(104)	Cover page Interactive Data File (formatted as inline XBRL, and contained in Exhibit 101.)
*	Exhibit filed herewith.

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SIGNATURE

NiSource Inc.

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

			NiSource Inc.
			(Registrant)
Date:	August 5, 2020	By:	/s/ Donald E. Brown
			Donald E. Brown
			Executive Vice President, Chief Financial Officer, and President of NiSource Corporate Services (Principal Financial Officer)

Exhibit 10.2

NiSource Inc.
2020 Omnibus Incentive Plan

Nonemployee Director Restricted Stock Unit Award Agreement

This Restricted Stock Unit Award Agreement (the "Agreement") is made and entered into as of __ , by and between NiSource Inc., a Delaware corporation (the "Company"), and __, a Nonemployee Director of the Company (the "Grantee"), pursuant to the terms of the NiSource, Inc. 2020 Omnibus Incentive Plan, as amended (the "Plan"). Any term capitalized but not defined in this Agreement shall have the meaning set forth in the Plan.

Section 1. Restricted Stock Unit Award. The Company hereby grants to the Grantee, on the terms and conditions hereinafter set forth, an annual award of Restricted Stock Units (the "RSUs") for each year the Grantee serves as a member of the Board. For each term for which the Grantee is elected as a member of the Board, the number of RSUs awarded shall be calculated by dividing the annual equity retainer amount, as periodically determined by resolution of the Board (or its designated committee), by the Fair Market Value of a Share on the Date of Grant, with such annual equity retainer amount prorated for partial years of Nonemployee Director service, as reflected in the annual grant notice evidencing the annual award of RSUs (the "Annual Award Notice"). For purposes of this Agreement, the "Date of Grant" shall mean the date specified in the Annual Award Notice. The RSUs shall be represented by a bookkeeping entry with respect to the Grantee (the "RSU Account"), and each RSU shall be settled in one Share, to the extent provided under the Annual Award Notice, this Agreement and the Plan.

Section 2. Acceptance of Annual Award Notice. This Agreement and the Award shall be null and void unless the Grantee accepts the applicable Annual Award Notice by executing the Annual Award Notice in the space provided therefor and returning an original execution copy of the Annual Award Notice to the Company (or electronically accepting the Annual Award Notice within the Grantee's stock plan account with the Company's stock plan administrator according to the procedures then in effect).

Section 3. Dividend Equivalents. The Grantee shall be credited with additional RSUs pursuant to Article XIII of the Plan to reflect dividend equivalents with respect to the period of time between the Date of Grant and the settlement of the RSUs. Such dividend equivalents shall be equal to the dividends or other distributions declared on any Shares underlying the RSUs. Dividend equivalents shall be aggregated and credited to the Grantee's RSU Account in the form of additional RSUs based on the Fair Market Value on the dividend payment date and such additional RSUs shall be subject to the same vesting conditions and payment terms as the underlying RSUs.

Section 4. Vesting and Lapse of Restrictions.

(a) General. Except as provided for herein or in the Annual Award Notice, the annual RSUs awarded under this Agreement shall vest on the first anniversary of the Date of Grant, provided that the Grantee continuously serves as a Nonemployee Director of the Company through such vesting date. The period of time prior to vesting shall be referred to herein as the "Restriction Period."

(b) Separation due to Retirement, Death or Disability. In the event that Grantee separates from service prior to the expiration of the Restriction Period as a result of "Retirement" (defined as the cessation of services after providing a minimum of five continuous years of service as a member of the Board), death or Disability, the Grantee shall pro rata vest in an amount of RSUs determined by using a fraction, where the numerator shall be the number of calendar months (including partial months) elapsed between the Date of Grant and the date of the Grantee's separation from service due to Retirement, death or Disability, and the denominator of which shall be 12; provided, however, if (i) the Grantee satisfies the service requirement for Retirement, (ii) separates from the Board due to his or her decision to not stand for re-election as a Nonemployee Director and (iii) completes his or her current term as a Nonemployee Director by serving as a Nonemployee Director through the first annual meeting of the Company's stockholders that occurs after the Date of Grant, then the RSUs awarded for such year shall vest in full upon the Grantee's Retirement in accordance with this proviso.

(c) Change in Control. Notwithstanding the foregoing provisions, in the event of a Change in Control following the Date of Grant with respect to an annual award of RSUs, such RSUs shall be subject to Article XV of the Plan and shall vest in the event the Grantee separates from the Board upon or following such Change in Control and prior to the Vesting Date with respect to such RSUs.

Section 5. Payment of RSUs. Subject to Section 6 of this Agreement and Article XVI of the Plan, the Company shall distribute the RSUs to the Grantee with respect to each award as soon as practicable (but in no event later than 60 days) after the expiration of the Restriction Period or, if earlier, upon the Grantee's separation from service in accordance with Section 4(b) or Section 4(c) of this Agreement; provided, however, that if the RSUs are deemed nonqualified deferred compensation under Section 409A of the Code ("Section 409A") and become payable upon a Change in Control in accordance with Article XV of the Plan and if the Change in Control is not a "change in control event" or the settlement of the RSUs upon such Change in Control would be impermissible under Section 409A, then the vested RSUs shall be settled following the expiration of the Restriction Period or, if earlier, the Grantee's separation from service. The Grantee shall be entitled to receive from the Company a number of Shares (including fractional Shares) equal to the number of whole and fractional RSUs that vest pursuant to the terms of this Agreement, including with respect to the number of RSUs credited to the Participant's RSU Account as dividend equivalents.

Section 6. Election to Defer Receipt of RSU Shares. With respect to each annual award of RSUs, the receipt of Shares relating to the RSUs may be deferred beyond the expiration of the Restriction Period under the rules and procedures established by the Company and subject to Section 409A. A Grantee's election to defer receipt of such Shares on the deferral election form provided by the Company shall defer the payment and income recognition, until the earlier of: (i) the date Grantee's service on the Board terminates for any reason and (ii) the Grantee's specified date of payment. In accordance with Section 409A, an election to defer under this Section 6 generally must be made in the calendar year prior to the year in which services related to those RSUs are first performed. If the Grantee is newly eligible to make a deferral election under this Agreement and any other aggregated plan under Section 409A, then the Grantee may make an initial deferral election on or before the date that is 30 days after the date the Grantee first became eligible to make such an election in accordance with Section 409A. Such deferral election shall apply only to the number of RSUs earned for services performed after the effective date of such deferral election, with such number of RSUs equal to the number of RSUs that are scheduled to vest under the applicable Annual Award Notice multiplied by a fraction, the numerator of which is the number of days beginning with the date immediately after the effective date of such deferral election (but in no event shall this beginning date be before the Date of Grant) and ending on the expiration date of the Restriction Period, and the denominator of which is the number of days beginning with the Date of Grant and ending with the expiration date of the Restriction Period. Notwithstanding anything to the contrary in this Agreement, Shares shall not be issued and the Grantee shall have no rights as a stockholder in Shares issuable under this Agreement to the extent that the issuance and receipt of such Shares have been deferred in accordance with this Section 6; provided, however, that the Grantee shall continue to receive dividend equivalents during the deferral period in accordance with Section 3 of this Agreement. A Grantee's properly filed election to defer receipt of the Shares subject to an Annual Award Notice shall evidence the time of payment of such Shares elected by the Grantee. If, however, service as a member of the Board terminates prior to the expiration of the Restriction Period, any Shares that would not have vested on the date of such termination shall be cancelled regardless of a deferral election on file. Notwithstanding the foregoing, in the event that the Grantee separates from service before the date of payment elected by the Grantee, vested RSUs shall be payable as soon as practicable (but in no event later than 60 days) after such separation from service in a single payment of Shares.

Section 7. Delivery of Shares upon Death. If the Grantee dies before the Company has distributed any portion of the vested RSUs, the Company shall transfer any Shares payable with respect to the vested RSUs in accordance with the Grantee's written beneficiary designation or to the Grantee's estate if no written beneficiary designation is provided.

Section 8. Compliance with Applicable Law. Notwithstanding anything contained herein to the contrary, the Company's obligation to issue or deliver certificates evidencing the RSUs shall be subject to all applicable laws, rules and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required. The delivery of all or any Shares that relate to the RSUs shall be effective only at such time that the issuance of such Shares shall not violate any state or federal securities or other laws. The Company is under no obligation to effect any registration of Shares under the Securities Act of 1933, as amended, or to effect any state registration or qualification of the Shares that may be issued under this Agreement. Subject to Section 409A, the Company may, in its sole discretion, delay the delivery of Shares or place restrictive legends on Shares in order to ensure that the issuance of any Shares shall be in compliance with federal or state securities laws and the rules of any exchange upon which the Shares are then traded. If the Company delays the delivery of Shares in order to ensure compliance with any state or federal securities or other laws, the Company shall deliver the Shares at the earliest date at which the Company reasonably believes that such delivery shall not cause such violation, or at such later date that may be permitted under Section 409A.

Section 9. Restriction on Transferability. Except as otherwise provided in the Plan, the RSUs granted herein and the rights and privileges conferred hereby may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated (by operation of law or otherwise), other than by will or the laws of descent and distribution. Any attempted transfer in violation of the provisions of this Section 9 shall be void, and the purported transferee shall obtain no rights with respect to such RSUs.

Section 10. Grantee's Rights Unsecured. The right of the Grantee or his or her beneficiary to receive a distribution hereunder shall be an unsecured claim against the general assets of the Company, and neither the Grantee nor his or her beneficiary shall have any rights in or against any amounts credited to the Grantee's RSU Account, any Shares or any other specific assets of the Company. All amounts credited to the Grantee's RSU Account shall constitute general assets of the Company and may be disposed of by the Company at such time and for such purposes, as it may deem appropriate.

Section 11. No Rights as Stockholder or Nonemployee Director. Unless and until Shares have been issued to the Grantee, the Grantee shall not have any privileges of a stockholder of the Company with respect to any RSUs subject to this Agreement; provided, however, that the Grantee shall be entitled to receive dividend equivalents equal to the dividends or other distributions declared on any Shares underlying the RSUs in accordance with Section 3 of this Agreement. Furthermore, nothing in this Agreement shall confer upon the Grantee any right to continue as a Nonemployee Director of the Company or any Affiliate or to interfere in any way with the right of the Company or any Affiliate to terminate the Grantee's service at any time.

Section 12. Adjustments. If at any time while the award is outstanding, the number of outstanding RSUs is changed by reason of a reorganization, recapitalization, stock split or any of the other events described in the Plan, the number and kind of RSUs, shall be adjusted in accordance with the provisions of the Plan.

Section 13. Notices. Any notice hereunder by the Grantee shall be given to the Company in writing, and such notice shall be deemed duly given only upon receipt thereof at the following address: Corporate Secretary, NiSource Inc., 801 East 86th Avenue, Merrillville, IN 46410-6271 (or at such other address as the Company may designate by notice to the Grantee). Any notice hereunder by the Company shall be given to the Grantee in writing and such notice shall be deemed duly given only upon receipt thereof at such address as the Grantee may have on file with the Company.

Section 14. Administration. The administration of this Agreement, including the interpretation and amendment or termination of this Agreement, shall be performed in accordance with the Plan. All determinations and decisions made by the Committee, the Board, or any delegate of the Committee as to the provisions of this Agreement shall be conclusive, final, and binding on all persons. Notwithstanding the foregoing, if subsequent guidance is issued under Section 409A that would impose additional taxes, penalties, or interest to either the Company or the Grantee, the Company may administer this Agreement in accordance with such guidance and amend this Agreement without the consent of the Grantee to the extent such actions, in the reasonable judgment of the Company, are considered necessary to avoid the imposition of such additional taxes, penalties, or interest.

Section 15. Governing Law. This Agreement shall be construed and enforced in accordance with the laws of the State of Indiana, without giving effect to the choice of law principles thereof.

Section 16. Entire Agreement; Agreement Subject to Plan. This Agreement and the Plan contain all of the terms and conditions with respect to the subject matter hereof and supersede any previous agreements, written or oral, relating to the subject matter hereof. This Agreement is subject to the provisions of the Plan and shall be interpreted in accordance therewith. In the event that the provisions of this Agreement and the Plan conflict, the Plan shall control. The Grantee hereby acknowledges receipt of a copy of the Plan.

Section 17. Section 409A. This Agreement is intended to comply with, or be exempt from, Section 409A to the maximum extent possible and shall be interpreted accordingly, and each settlement of an annual award of RSUs shall be considered a separate payment for purposes of Section 409A. The applicable terms of the Plan relating to Section 409A are incorporated herein by reference. This Agreement shall be deemed to be modified to the maximum extent necessary to be in compliance with, or exempt from, Section 409A. If the Grantee is unexpectedly required to include in the Grantee's current year's income any amount of compensation relating to the RSUs because of a failure to meet the requirements of Section 409A, then to the extent permitted by Section 409A, the Grantee may receive a distribution of Shares in an amount not to exceed the amount required to be included in income as a result of the failure to comply with Section 409A.

Section 18. Evergreen Agreement and Future Grants. In accordance with Section 1 of this Agreement, the Company shall continue to grant RSUs to the Grantee annually. Such future Awards shall be governed by the terms and conditions of this Agreement and shall be evidenced by an Annual Award Notice or statement signed by the Company. Notwithstanding the foregoing, the Company reserves the right to grant future awards to the Grantee under different terms and conditions from this Agreement. Such Awards shall be evidenced by a new award agreement signed by both the Company and the Grantee. In addition, the Company reserves the right to cancel or terminate the grant of future awards of RSUs to the Grantee and instead pay the Grantee for services in the form of cash or other Awards.

IN WITNESS WHEREOF, the Company has caused this award to be granted, and the Grantee has accepted this award, as of the date first above written.

NiSource Inc.

By: ______________________
Its:

GRANTEE

By: ______________________

Exhibit 10.4

<u>Addendum to February 25, 2020 Plea Agreement</u>

1. This Addendum modifies the executed February 25, 2020 plea agreement (the “Plea Agreement”) entered into by and between the United States Attorney for the District of Massachusetts (the “the U.S. Attorney”) and Bay State Gas Company, doing business as (“d/b/a”) Columbia Gas of Massachusetts (“Defendant”).

2. This Addendum modifies only the language of paragraph 5(b) of the Plea Agreement and only to the extent described below. In all other regards, the Plea Agreement is not modified and remains in full force and effect, subject to the Court’s approval.

3. Paragraph 5(b) of the Plea Agreement provides for a “period of probation of three (3) years that will immediately terminate prior to the three (3) year term upon a certification to the Court of the completion of the sale of Defendant or Defendant’s gas distribution business to a qualified third-party buyer consistent with the requirements of M.G.L. c. 164, § 96 and Interlocutory Order on Standard of Review, D.P.U. 10-170, and formal acceptance of the sale by the Massachusetts Department of Public Utilities (“MA DPU”).”

4. It is possible that the sale of Defendant or Defendant’s gas distribution business to a qualified third-party buyer, as referenced in paragraph 5(b) of the Plea Agreement, will occur prior to one (1) year from the date of the Court’s sentencing of Defendant and the commencement of Defendant’s term of probation. However, 18 U.S.C. § 3561 provides that Defendant’s term of probation can be no less than one (1) year. Therefore, as the Court observed during the now-continued June 8, 2020 hearing for the sentencing of Defendant, paragraph 5(b) of the Plea Agreement must be modified.

5. Accordingly, paragraph 5(b) of the Plea Agreement is hereby modified as follows:

“A period of probation of three (3) years that will be terminated by the Court prior to the three (3) year term upon a certification to the Court of the completion of the sale of Defendant or Defendant’s gas distribution business to a qualified third-party buyer consistent with the requirements of M.G.L. c. 164, § 96 and Interlocutory Order on Standard of Review, D.P.U. 10- 170, and formal acceptance of the sale by the Massachusetts Department of Public Utilities (“MA DPU”) (“the Final Sale Certification”). Subject to the Court’s approval of the form of the Final Sale Certification, the Court will terminate the Defendant’s sentence of probation upon the Court’s receipt of the Final Sale Certification. However, in the event that the Final Sale Certification is received by the Court prior to the one (1) year mandatory period of probation under 18 U.S.C. § 3561, Defendant’s probation will continue for the remainder of the one (1) year period but subject to only the mandatory conditions of probation set forth in USSG § 8D1.3 and 18 U.S.C. § 3563(a), and not the additional conditions of probation specified in paragraph 5(c) since Defendant will no longer be the legal owner of its previous gas distribution business or assets. Under the latter scenario, the parties will file, and the Court will approve, the request for termination of probation at the end of the one-year mandatory period.”

This Addendum and the Plea Agreement can be modified or supplemented only in a written memorandum signed by both parties, or through proceedings in open court.

If this Addendum to the Plea Agreement accurately reflects the agreement between the U.S. Attorney and Defendant, please have Defendant sign and the Acknowledgment of Addendum to Plea Agreement below. Please also sign below as Witness. Return the original of this letter to Assistant U.S. Attorney Neil Gallagher.

Sincerely,

ANDREW E. LELLING
United States Attorney

By:

/s/ Fred Wyshak
Fred Wyshak NJG For
Chief Public Corruption and
Special Prosecutions Units

/s/ Neil J. Gallagher, Jr.
Neil J. Gallagher, Jr.
Evan Gotlob
Assistant U.S. Attorneys

Corporate Acknowledgment of Addendum to the Plea Agreement

The Board of Directors has authorized me to execute this Addendum to the Plea Agreement on behalf of Bay State Gas Company, doing business as ("d/b/a") Columbia Gas of Massachusetts ("CMA"). The Board has read this Addendum to the Plea Agreement in its entirety and has discussed it fully with CMA's attorney. The Board acknowledges that this Addendum and the Plea Agreement entered into before the Court on February 25, 2020 fully sets forth CMA's agreement with the U.S. Attorney. The Board further states that no additional promises or representations have been made to the Board by any officials of the United States in connection with this matter.

/s/ Carrie Hightman
Carrie Hightman
Chief Legal Officer
NiSource Inc.

/s/ Kimberly Cuccia
Kimberly Cuccia
General Counsel
Bay State Gas, d/b/a Columbia Gas of
Massachusetts

I certify that Defendant's Board of Directors has authority to agree to the terms of the Addendum to the Plea Agreement, has (1) reviewed the Addendum to the Plea Agreement; (2) consulted with legal counsel in connection with the matter; (3) voted to agree to the terms of the Addendum to the Plea Agreement; and (4) voted to authorize Carrie Hightman, Chief Legal Officer of NiSource, Inc. and Kimberly Cuccia, General Counsel for Bay State Gas, d/b/a Columbia Gas of Massachusetts, to execute the Addendum to the Plea Agreement.

/s/ Alejandro N. Mayorkas
Alejandro N. Mayorkas, Esq.
WilmerHale, LLP
Attorney for Bay State Gas Company, doing business as ("d/b/a") Columbia Gas of Massachusetts

Exhibit 31.1

Certification Pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002

I, Joseph Hamrock, certify that:

1. I have reviewed this Quarterly Report of NiSource Inc. on Form 10-Q for the quarter ended June 30, 2020;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 5, 2020

By: /s/ Joseph Hamrock

Joseph Hamrock
President and Chief Executive Officer

Exhibit 31.2

Certification Pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002

I, Donald E. Brown, certify that:

1. I have reviewed this Quarterly Report of NiSource Inc. on Form 10-Q for the quarter ended June 30, 2020;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date:	August 5, 2020	By:	/s/ Donald E. Brown
			Donald E. Brown
			Executive Vice President, Chief Financial Officer, and President of NiSource Corporate Services

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, 2020 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Joseph Hamrock, Chief Executive Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Joseph Hamrock

Joseph Hamrock
President and Chief Executive Officer

Date: August 5, 2020

Exhibit 32.2

Certification Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of NiSource Inc. (the “Company”) on Form 10-Q for the quarter ending June 30, 2020 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Donald E. Brown, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Donald E. Brown

Donald E. Brown
Executive Vice President, Chief Financial Officer, and President of
NiSource Corporate Services

Date: August 5, 2020

FORM 10-Q
MARCH 31, 2020

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2020

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ______ to ______

Commission file number 001-16189

NiSource Inc.

(Exact name of registrant as specified in its charter)

DE	35-2108964
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
801 East 86th Avenue Merrillville, IN	46410
(Address of principal executive offices)	(Zip Code)

(877) 647-5990
(Registrant’s telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common Stock, par value $0.01 per share	NI	NYSE
Depositary Shares, each representing a 1/1,000th ownership interest in a share of 6.50% Series B Fixed-Rate Reset Cumulative Redeemable Perpetual Preferred Stock, par value $0.01 per share, liquidation preference $25,000 per share and a 1/1,000th ownership interest in a share of Series B-1 Preferred Stock, par value $0.01 per share, liquidation preference $0.01 per share	NI PR B	NYSE

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files.)

Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☑ Accelerated filer ☐ Emerging growth company ☐ Non-accelerated filer ☐ Smaller reporting company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes ☐ No ☑

Indicate the number of shares outstanding of each of the issuer’s classes of common stock, as of the latest practicable date: Common Stock, $0.01 Par Value: 382,799,472 shares outstanding at April 29, 2020.

NISOURCE INC.
FORM 10-Q QUARTERLY REPORT
FOR THE QUARTER ENDED MARCH 31, 2020

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DEFINED TERMS

The following is a list of frequently used abbreviations or acronyms that are found in this report:

NiSource Subsidiaries, Affiliates and Former Subsidiaries

Columbia of Kentucky	Columbia Gas of Kentucky, Inc.
Columbia of Maryland	Columbia Gas of Maryland, Inc.
Columbia of Massachusetts	Bay State Gas Company
Columbia of Ohio	Columbia Gas of Ohio, Inc.
Columbia of Pennsylvania	Columbia Gas of Pennsylvania, Inc.
Columbia of Virginia	Columbia Gas of Virginia, Inc.
NIPSCO	Northern Indiana Public Service Company LLC
NiSource ("we," "us" or “our”)	NiSource Inc.

Abbreviations and Other

ACE	Affordable Clean Energy
AFUDC	Allowance for funds used during construction
AOCI	Accumulated Other Comprehensive Income (Loss)
ASC	Accounting Standards Codification
ASU	Accounting Standards Update
ATM	At-the-market
BTA	Build-transfer agreement
CARES Act	The Coronavirus Aid, Relief and Economic Security Act provides more than $2 trillion to battle COVID-19 and its economic effects, including various types of economic relief for impacted business and industries.
CCRs	Coal Combustion Residuals
CEP	Capital Expenditure Program
CERCLA	Comprehensive Environmental Response Compensation and Liability Act (also known as Superfund)
COVID-19	Novel Coronavirus 2019
DSIC	Distribution System Improvement Charge
DPU	Department of Public Utilities
ELG	Effluent limitations guidelines
EPA	United States Environmental Protection Agency
EPS	Earnings per share
FAC	Fuel adjustment clause
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission
FMCA	Federally Mandated Cost Adjustment
GAAP	Generally Accepted Accounting Principles
GCA	Gas cost adjustment
GCR	Gas cost recovery
GHG	Greenhouse gases
GSEP	Gas System Enhancement Program
GWh	Gigawatt hours
IRP	Infrastructure Replacement Program
IURC	Indiana Utility Regulatory Commission
LIBOR	London InterBank Offered Rate

DEFINED TERMS

MA DOR	Massachusetts Department of Revenue
Massachusetts Business	All of the assets being sold to, and liabilities being assumed by, Eversource pursuant to the Asset Purchase Agreement
MGP	Manufactured Gas Plant
MISO	Midcontinent Independent System Operator
MMDth	Million dekatherms
MW	Megawatts
NTSB	National Transportation Safety Board
NYMEX	New York Mercantile Exchange
OPEB	Other Postretirement Benefits
PHMSA	Pipeline and Hazardous Materials Safety Administration
PPA	Power Purchase Agreement
PTC	Production tax credit
RCRA	Resource Conservation and Recovery Act
RFP	Request for proposals
SAVE	Steps to Advance Virginia's Energy Plan
SEC	Securities and Exchange Commission
SMRP	Safety Modification and Replacement Program
STRIDE	Strategic Infrastructure Development Enhancement
TCJA	An Act to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018 (commonly known as the Tax Cuts and Jobs Act of 2017)
TDSIC	Transmission, Distribution and Storage System Improvement Charge

Note regarding forward-looking statements

This Quarterly Report on Form 10-Q contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Investors and prospective investors should understand that many factors govern whether any forward-looking statement contained herein will be or can be realized. Any one of those factors could cause actual results to differ materially from those projected. These forward-looking statements include, but are not limited to, statements concerning our plans, strategies, objectives, expected performance, expenditures, recovery of expenditures through rates, stated on either a consolidated or segment basis, and any and all underlying assumptions and other statements that are other than statements of historical fact. All forward-looking statements are based on assumptions that management believes to be reasonable; however, there can be no assurance that actual results will not differ materially.

Factors that could cause actual results to differ materially from the projections, forecasts, estimates and expectations discussed in this Quarterly Report on Form 10-Q include among other things, our debt obligations; any changes to our credit rating or the credit rating of certain of our subsidiaries; our ability to execute our growth strategy; changes in general economic, capital and commodity market conditions; pension funding obligations; economic regulation and the impact of regulatory rate reviews; our ability to obtain expected financial or regulatory outcomes; our ability to adapt to, and manage costs related to, advances in technology; any changes in our assumptions regarding the financial implications of the Greater Lawrence Incident; compliance with the agreements entered into with the U.S. Attorney’s Office to settle the U.S. Attorney’s Office’s investigation relating to the Greater Lawrence Incident; the pending sale of the Massachusetts Business, including the terms and closing conditions under the Asset Purchase Agreement; potential incidents and other operating risks associated with our business; continuing and potential future impacts from the COVID-19 pandemic; our ability to obtain sufficient insurance coverage and whether such coverage will protect us against significant losses; the outcome of legal and regulatory proceedings, investigations, incidents, claims and litigation; any damage to our reputation, including in connection with the Greater Lawrence Incident; compliance with applicable laws, regulations and tariffs; compliance with environmental laws and the costs of associated liabilities; fluctuations in demand from residential commercial and industrial customers; economic conditions of certain industries; the success of NIPSCO's electric generation strategy; the price of energy commodities and related transportation costs; the reliability of customers and suppliers to fulfill their payment and contractual obligations; potential impairment of goodwill; changes in taxation and accounting principles; the impact of an aging infrastructure; the impact of climate change; potential cyber-attacks; construction risks and natural gas costs and supply risks; extreme weather conditions; the attraction and retention of a qualified workforce; the ability of our subsidiaries to generate cash; our ability to manage new initiatives and organizational changes; the performance of third-party suppliers and service providers; changes in the method for determining LIBOR and the potential replacement of the LIBOR benchmark interest rate; and other matters in the "Risk Factors" section of this report and our Annual Report on Form 10-K for the fiscal year ended December 31, 2019, as supplemented by the risk factor set forth herein in Part II, Item 1A. Risk Factors, many of which risks are beyond our control. In addition, the relative contributions to profitability by each business segment, and the assumptions underlying the forward-looking statements relating thereto, may change over time.

All forward-looking statements are expressly qualified in their entirety by the foregoing cautionary statements. We undertake no obligation to, and expressly disclaim any such obligation to, update or revise any forward-looking statements to reflect changed assumptions, the occurrence of anticipated or unanticipated events or changes to the future results over time or otherwise, except as required by law.

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PART I

ITEM 1. FINANCIAL STATEMENTS

NiSource Inc.
Condensed Statements of Consolidated Income (unaudited)

(in millions, except per share amounts)	Three Months Ended March 31, 2020	2019
Operating Revenues		
Customer revenues	**$ 1,525.9**	$ 1,834.5
Other revenues	**79.6**	35.3
Total Operating Revenues	**1,605.5**	1,869.8
Operating Expenses		
Cost of sales (excluding depreciation and amortization)	**462.4**	680.3
Operation and maintenance	**444.6**	552.4
Depreciation and amortization	**184.3**	175.1
Loss on classification as held for sale	**280.2**	—
Loss (gain) on sale of fixed assets and impairments, net	**(0.1)**	0.2
Other taxes	**85.9**	87.6
Total Operating Expenses	**1,457.3**	1,495.6
Operating Income	**148.2**	374.2
Other Income (Deductions)		
Interest expense, net	**(92.9)**	(95.6)
Other, net	**5.4**	(0.7)
Total Other Deductions, Net	**(87.5)**	(96.3)
Income before Income Taxes	**60.7**	277.9
Income Taxes	**(14.9)**	59.0
Net Income	**75.6**	218.9
Preferred dividends	**(13.8)**	(13.8)
Net Income Available to Common Shareholders	**61.8**	205.1
Earnings Per Share		
Basic Earnings Per Share	**$ 0.16**	$ 0.55
Diluted Earnings Per Share	**$ 0.16**	$ 0.55
Basic Average Common Shares Outstanding	**383.1**	373.4
Diluted Average Common Shares	**384.1**	374.7

The accompanying Notes to Condensed Consolidated Financial Statements (unaudited) are an integral part of these statements.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Condensed Statements of Consolidated Comprehensive Income (Loss) (unaudited)

(in millions, net of taxes)	Three Months Ended March 31, 2020	2019
Net Income	$ **75.6**	$ 218.9
Other comprehensive income (loss):		
Net unrealized gain (loss) on available-for-sale debt securities[1]	**(5.4)**	2.8
Net unrealized gain (loss) on cash flow hedges[2]	**(133.3)**	(19.3)
Unrecognized pension and OPEB benefit[3]	**0.7**	0.9
Total other comprehensive income (loss)	**(138.0)**	(15.6)
Comprehensive Income (Loss)	$ **(62.4)**	$ 203.3

[1] Net unrealized gain (loss) on available-for-sale debt securities, net of $1.4 million tax benefit and $0.7 million tax expense in the first quarter of 2020 and 2019, respectively.
[2] Net unrealized gain (loss) on cash flow hedges, net of $44.1 million and $6.5 million tax benefit in the first quarter of 2020 and 2019, respectively.
[3] Unrecognized pension and OPEB benefit, net of $0.3 million tax benefit and $0.4 million tax expense in the first quarter of 2020 and 2019, respectively.

The accompanying Notes to Condensed Consolidated Financial Statements (unaudited) are an integral part of these statements.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Condensed Consolidated Balance Sheets (unaudited)

(in millions)	**March 31, 2020**	December 31, 2019
ASSETS		
Property, Plant and Equipment		
Utility plant	**$ 22,862.3**	$ 24,502.6
Accumulated depreciation and amortization	**(7,293.7)**	(7,609.3)
Net utility plant	**15,568.6**	16,893.3
Other property, at cost, less accumulated depreciation	**18.6**	18.9
Net Property, Plant and Equipment	**15,587.2**	16,912.2
Investments and Other Assets		
Unconsolidated affiliates	**1.3**	1.3
Available-for-sale debt securities (amortized cost of $148.4 and $150.1, allowance for credit losses of $1.2 and $0, respectively)	**144.6**	154.2
Other investments	**66.1**	74.7
Total Investments and Other Assets	**212.0**	230.2
Current Assets		
Cash and cash equivalents	**203.8**	139.3
Restricted cash	**9.2**	9.1
Accounts receivable	**736.8**	876.1
Allowance for credit losses	**(20.3)**	(19.2)
Accounts receivable, net	**716.5**	856.9
Gas inventory	**59.9**	250.9
Materials and supplies, at average cost	**130.9**	120.2
Electric production fuel, at average cost	**63.2**	53.6
Exchange gas receivable	**39.0**	48.5
Assets held for sale	**1,655.8**	—
Regulatory assets	**164.3**	225.7
Prepayments and other	**182.8**	149.7
Total Current Assets	**3,225.4**	1,853.9
Other Assets		
Regulatory assets	**1,922.0**	2,013.9
Goodwill	**1,485.9**	1,485.9
Deferred charges and other	**160.2**	163.7
Total Other Assets	**3,568.1**	3,663.5
Total Assets	**$ 22,592.7**	$ 22,659.8

The accompanying Notes to Condensed Consolidated Financial Statements (unaudited) are an integral part of these statements.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Condensed Consolidated Balance Sheets (unaudited) (continued)

(in millions, except share amounts)	**March 31, 2020**	December 31, 2019
CAPITALIZATION AND LIABILITIES		
Capitalization		
Stockholders' Equity		
Common stock - $0.01 par value, 600,000,000 shares authorized; 382,694,308 and 382,135,680 shares outstanding, respectively	**$ 3.8**	$ 3.8
Preferred stock - $0.01 par value, 20,000,000 shares authorized; 440,000 shares outstanding	**880.0**	880.0
Treasury stock	**(99.9)**	(99.9)
Additional paid-in capital	**6,671.5**	6,666.2
Retained deficit	**(1,483.4)**	(1,370.8)
Accumulated other comprehensive loss	**(230.6)**	(92.6)
Total Stockholders' Equity	**5,741.4**	5,986.7
Long-term debt, excluding amounts due within one year	**7,817.9**	7,856.2
Total Capitalization	**13,559.3**	13,842.9
Current Liabilities		
Current portion of long-term debt	**7.9**	13.4
Short-term borrowings	**2,046.4**	1,773.2
Accounts payable	**505.6**	666.0
Dividends payable - common stock	**80.4**	—
Dividends payable - preferred stock	**19.4**	—
Customer deposits and credits	**163.2**	256.4
Taxes accrued	**223.8**	231.6
Interest accrued	**95.1**	99.4
Exchange gas payable	**18.5**	59.7
Regulatory liabilities	**177.9**	160.2
Liabilities held for sale	**470.9**	—
Legal and environmental	**17.5**	20.1
Accrued compensation and employee benefits	**129.4**	156.3
Claims accrued	**24.9**	165.4
Other accruals	**180.9**	144.1
Total Current Liabilities	**4,161.8**	3,745.8
Other Liabilities		
Risk management liabilities	**312.1**	134.0
Deferred income taxes	**1,451.3**	1,485.3
Deferred investment tax credits	**9.4**	9.7
Accrued insurance liabilities	**82.4**	81.5
Accrued liability for postretirement and postemployment benefits	**359.4**	373.2
Regulatory liabilities	**2,033.8**	2,352.0
Asset retirement obligations	**435.9**	416.9
Other noncurrent liabilities	**187.3**	218.5
Total Other Liabilities	**4,871.6**	5,071.1
Commitments and Contingencies (Refer to Note 18, "Other Commitments and Contingencies")	**—**	—
Total Capitalization and Liabilities	**$ 22,592.7**	$ 22,659.8

The accompanying Notes to Condensed Consolidated Financial Statements (unaudited) are an integral part of these statements.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Condensed Statements of Consolidated Cash Flows (unaudited)

Three Months Ended March 31, *(in millions)*	**2020**	2019
Operating Activities		
Net Income	**$ 75.6**	$ 218.9
Adjustments to Reconcile Net Income to Net Cash from Operating Activities:		
Depreciation and amortization	**184.3**	175.1
Deferred income taxes and investment tax credits	**(19.9)**	51.6
Loss on classification as held for sale	**280.2**	—
Other adjustments	**7.9**	6.5
Changes in Assets and Liabilities:		
Components of working capital	**(147.1)**	(27.2)
Regulatory assets/liabilities	**12.9**	0.4
Deferred charges and other noncurrent assets	**(12.1)**	(58.3)
Other noncurrent liabilities	**(11.9)**	32.1
Net Cash Flows from Operating Activities	**369.9**	399.1
Investing Activities		
Capital expenditures	**(452.1)**	(353.7)
Cost of removal	**(34.5)**	(25.3)
Purchases of available-for-sale securities	**(43.5)**	(25.7)
Sales of available-for-sale securities	**45.4**	29.3
Other investing activities	**0.1**	—
Net Cash Flows used for Investing Activities	**(484.6)**	(375.4)
Financing Activities		
Repayments of long-term debt and finance lease obligations	**(4.1)**	(2.3)
Issuance of short-term debt (maturity > 90 days)	**500.0**	—
Repayment of short-term debt (maturity > 90 days)	**—**	(350.0)
Change in short-term borrowings, net (maturity ≤ 90 days)	**(226.8)**	452.8
Issuance of common stock, net of issuance costs	**3.7**	3.1
Equity costs, premiums and other debt related costs	**(5.1)**	(4.0)
Dividends paid - common stock	**(80.3)**	(74.5)
Dividends paid - preferred stock	**(8.1)**	(9.1)
Net Cash Flows from Financing Activities	**179.3**	16.0
Change in cash, cash equivalents and restricted cash	**64.6**	39.7
Cash, cash equivalents and restricted cash at beginning of period	**148.4**	121.1
Cash, Cash Equivalents and Restricted Cash at End of Period	**$ 213.0**	$ 160.8

Supplemental Disclosures of Cash Flow Information

Three Months Ended March 31, *(in millions)*	**2020**	2019
Non-cash transactions:		
Capital expenditures included in current liabilities	**$ 150.5**	$ 123.7
Dividends declared but not paid	**99.8**	94.0
Assets recorded for asset retirement obligations	**$ 69.8**	$ 4.8

The accompanying Notes to Condensed Consolidated Financial Statements (unaudited) are an integral part of these statements.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Condensed Statements of Consolidated Equity (unaudited)

(in millions)	Common Stock	Preferred Stock[1]	Treasury Stock	Additional Paid-In Capital	Retained Deficit	Accumulated Other Comprehensive Loss	Total
Balance as of January 1, 2020	**$ 3.8**	**$ 880.0**	**$ (99.9)**	**$ 6,666.2**	**$ (1,370.8)**	**$ (92.6)**	**$ 5,986.7**
Comprehensive Income:							
Net income	—	—	—	—	75.6	—	75.6
Other comprehensive loss, net of tax	—	—	—	—	—	(138.0)	(138.0)
Dividends:							
Common stock ($0.42 per share)	—	—	—	—	(160.7)	—	(160.7)
Preferred stock (See Note 5)	—	—	—	—	(27.5)	—	(27.5)
Stock issuances:							
Employee stock purchase plan	—	—	—	1.3	—	—	1.3
Long-term incentive plan	—	—	—	(0.5)	—	—	(0.5)
401(k) and profit sharing	—	—	—	4.5	—	—	4.5
Balance as of March 31, 2020	**$ 3.8**	**$ 880.0**	**$ (99.9)**	**$ 6,671.5**	**$ (1,483.4)**	**$ (230.6)**	**$ 5,741.4**

[1]Series A and Series B shares have an aggregate liquidation preference of $400M and $500M, respectively. See Note 5, "Equity" for additional information.

(in millions)	Common Stock	Preferred Stock[1]	Treasury Stock	Additional Paid-In Capital	Retained Deficit	Accumulated Other Comprehensive Loss	Total
Balance as of January 1, 2019	**$ 3.8**	**$ 880.0**	**$ (99.9)**	**$ 6,403.5**	**$ (1,399.3)**	**$ (37.2)**	**$ 5,750.9**
Comprehensive Income:							
Net income	—	—	—	—	218.9	—	218.9
Other comprehensive loss, net of tax	—	—	—	—	—	(15.6)	(15.6)
Dividends:							
Common stock ($0.40 per share)	—	—	—	—	(149.1)	—	(149.1)
Preferred stock (See Note 5)	—	—	—	—	(28.5)	—	(28.5)
Stock issuances:							
Employee stock purchase plan	—	—	—	1.3	—	—	1.3
Long-term incentive plan	—	—	—	(2.7)	—	—	(2.7)
401(k) and profit sharing	—	—	—	4.4	—	—	4.4
Balance as of March 31, 2019	**$ 3.8**	**$ 880.0**	**$ (99.9)**	**$ 6,406.5**	**$ (1,358.0)**	**$ (52.8)**	**$ 5,779.6**

[1]Series A and Series B shares have an aggregate liquidation preference of $400M and $500M, respectively. See Note 5, "Equity" for additional information.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Condensed Statements of Consolidated Equity (unaudited) (continued)

	Preferred	Common		
Shares *(in thousands)*	**Shares**	**Shares**	**Treasury**	**Outstanding**
Balance as of January 1, 2020	**440**	**386,099**	**(3,963)**	**382,136**
Issued:				
Employee stock purchase plan	—	46	—	46
Long-term incentive plan	—	347	—	347
401(k) and profit sharing	—	165	—	165
Balance as of March 31, 2020	**440**	**386,657**	**(3,963)**	**382,694**

	Preferred	Common		
Shares *(in thousands)*	**Shares**	**Shares**	**Treasury**	**Outstanding**
Balance as of January 1, 2019	**420**	**376,326**	**(3,963)**	**372,363**
Issued:				
Preferred stock	20	—	—	—
Employee stock purchase plan	—	50	—	50
Long-term incentive plan	—	426	—	426
401(k) and profit sharing	—	164	—	164
Balance as of March 31, 2019	**440**	**376,966**	**(3,963)**	**373,003**

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Notes to Condensed Consolidated Financial Statements (unaudited)

1. Basis of Accounting Presentation

Our accompanying Condensed Consolidated Financial Statements (unaudited) reflect all normal recurring adjustments that are necessary, in the opinion of management, to present fairly the results of operations in accordance with GAAP in the United States of America. The accompanying financial statements contain our accounts and that of our majority-owned or controlled subsidiaries.

The accompanying financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2019. Income for interim periods may not be indicative of results for the calendar year due to weather variations and other factors.

The Condensed Consolidated Financial Statements (unaudited) have been prepared pursuant to the rules and regulations of the SEC. Certain information and note disclosures normally included in annual financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to those rules and regulations, although we believe that the disclosures made in this Quarterly Report on Form 10-Q are adequate to make the information herein not misleading.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

2. Recent Accounting Pronouncements

Recently Issued Accounting Pronouncements

We are currently evaluating the impact of certain ASUs on our Condensed Consolidated Financial Statements (unaudited) and Notes to Condensed Consolidated Financial Statements (unaudited), which are described below:

Standard	Description	Effective Date	Effect on the financial statements or other significant matters
ASU 2018-14, *Compensation—Retirement Benefits—Defined Benefit Plans—General (Subtopic 715-20): Disclosure Framework—Changes to the Disclosure Requirements for Defined Benefit Plans*	This pronouncement modifies the disclosure requirements for defined benefit pension or other postretirement benefit plans. The guidance removes disclosures that are no longer considered cost beneficial, clarifies the specific requirements of disclosures and adds disclosure requirements identified as relevant. The modifications affect annual period disclosures and must be applied on a retrospective basis to all periods presented.	Annual periods ending after December 15, 2020. Early adoption is permitted.	We are currently in discussions with our third-party specialist to evaluate the effects of this pronouncement on our Notes to Condensed Consolidated Financial Statements (unaudited). We expect to adopt this ASU on its effective date.
ASU 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*	This pronouncement simplifies the accounting for income taxes by eliminating certain exceptions to the general principles in ASC 740, income taxes. It also improves consistency of application for other areas of the guidance by clarifying and amending existing guidance.	Annual periods beginning after December 15, 2020 Early adoption is permitted.	We are currently evaluating the effects of this pronouncement on our Condensed Consolidated Financial Statements (unaudited) and Notes to Condensed Consolidated Financial Statements (unaudited). The most relevant amendment requires that an entity recognize a franchise tax (or similar tax) that is partially based on income as an income-based tax and account for any incremental amount incurred as a non-income-based tax. For NiSource, these taxes may include franchise taxes based on gross receipts, commercial activity taxes and utilities receipts taxes. We expect to adopt this ASU on its effective date.
ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Statements*	This pronouncement provides temporary optional expedients and exceptions for applying GAAP principles to contract modifications and hedging relationships to ease the financial reporting burdens of the expected market transition from LIBOR and other interbank offered rates to alternative reference rates.	Upon issuance on March 12, 2020, and will apply though December 31, 2022.	We are currently evaluating the temporary expedients and options available under this guidance, and the effects of this pronouncement on our Condensed Consolidated Financial Statements (unaudited) and Notes to Condensed Consolidated Financial Statements (unaudited). As of March 31, 2020, we have not applied any expedients and options available under this ASU.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

Recently Adopted Accounting Pronouncements

Standard	Adoption
ASU 2019-04, *Codification Improvements to Topic 326, Financial Instruments-Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments* ASU 2016-13, *Financial Instruments-Credit Losses (Topic 326)*	In June 2016, the FASB issued ASU 2016-13, Measurement of Credit Losses on Financial Instruments (ASC 326). ASC 326 revised the GAAP guidance on the impairment of most financial assets and certain other instruments that are not measured at fair value through net income. ASC 326 introduces the current expected credit loss (CECL) model that is based on expected losses for instruments measured at amortized cost rather than incurred losses. It also requires entities to record an allowance for available-for-sale debt securities rather than impair the carrying amount of the securities. Subsequent improvements to the estimated credit losses of available-for-sale debt securities will be recognized immediately in earnings, instead of over-time as they would under historic guidance. In 2019, the FASB issued ASU 2019-04, Codification Improvements to Topic 326, Financial Instruments-Credit Losses, Topic 815, Derivative and Hedging, and Topic 825, Financial Instruments. This pronouncement clarified and improved certain areas of guidance related to the recently issued standards on credit losses, hedging, and recognition and measurement. We adopted ASC 326 effective January 1, 2020, using a modified retrospective method. Adoption of this standard did not have material impact on our Condensed Consolidated Financial Statements (unaudited). No adjustments were made to the January 1, 2020 opening balances as a result of this adoption. As required under the modified retrospective method of adoption, results for the reporting periods beginning after January 1, 2020 are presented under ASC 326, while prior period amounts are not adjusted. See Note 3, "Revenue Recognition," and Note 11, "Fair Value," for our discussion of the implementing these standards.

3. Revenue Recognition

Revenue Disaggregation and Reconciliation. We disaggregate revenue from contracts with customers based upon reportable segment as well as by customer class. As our revenues are primarily earned over a period of time and we do not earn a material amount of revenues at a point in time, revenues are not disaggregated as such below. The Gas Distribution Operations segment provides natural gas service and transportation for residential, commercial and industrial customers in Ohio, Pennsylvania, Virginia, Kentucky, Maryland, Indiana and Massachusetts. The Electric Operations segment provides electric service in 20 counties in the northern part of Indiana.

The tables below reconcile revenue disaggregation by customer class to segment revenue as well as to revenues reflected on the Condensed Statements of Consolidated Income (unaudited) for the three months ended March 31, 2020 and March 31, 2019:

Three Months Ended March 31, 2020 *(in millions)*	Gas Distribution Operations	Electric Operations	Corporate and Other	Total
Customer Revenues[(1)]				
Residential	$ 796.5	$ 119.2	$ —	$ 915.7
Commercial	269.4	120.2	—	389.6
Industrial	74.2	109.1	—	183.3
Off-system	18.7	—	—	18.7
Miscellaneous	12.5	5.9	0.2	18.6
Total Customer Revenues	$ 1,171.3	$ 354.4	$ 0.2	$ 1,525.9
Other Revenues	56.7	22.9	—	79.6
Total Operating Revenues	$ 1,228.0	$ 377.3	$ 0.2	$ 1,605.5

(1) Customer revenue amounts exclude intersegment revenues. See Note 21, "Business Segment Information," for discussion of intersegment revenues.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

Three Months Ended March 31, 2019 *(in millions)*	Gas Distribution Operations	Electric Operations	Corporate and Other	Total
Customer Revenues[(1)]				
Residential	$ 975.3	$ 118.8	$ —	$ 1,094.1
Commercial	330.5	119.3	—	449.8
Industrial	82.9	163.3	—	246.2
Off-system	20.1	—	—	20.1
Miscellaneous	17.2	6.9	0.2	24.3
Total Customer Revenues	$ 1,426.0	$ 408.3	$ 0.2	$ 1,834.5
Other Revenues	12.8	22.5	—	35.3
Total Operating Revenues	$ 1,438.8	$ 430.8	$ 0.2	$ 1,869.8

(1) Customer revenue amounts exclude intersegment revenues. See Note 21, "Business Segment Information," for discussion of intersegment revenues.

Customer Accounts Receivable. Accounts receivable on our Condensed Consolidated Balance Sheets (unaudited) includes both billed and unbilled amounts, as well as certain amounts that are not related to customer revenues. Unbilled amounts of accounts receivable relate to a portion of a customer's consumption of gas or electricity from the date of the last cycle billing through the last day of the month (balance sheet date). Factors taken into consideration when estimating unbilled revenue include historical usage, customer rates and weather. The opening and closing balances of customer receivables for the three months ended March 31, 2020 are presented in the table below. We had no significant contract assets or liabilities during the period. Additionally, we have not incurred any significant costs to obtain or fulfill contracts.

(in millions)	Customer Accounts Receivable, Billed (less reserve)	Customer Accounts Receivable, Unbilled (less reserve)
Balance as of December 31, 2019	$ 466.6	$ 346.6
Balance as of March 31, 2020	449.9	233.5
Decrease	$ (16.7)	$ (113.1)

Utility revenues are billed to customers monthly on a cycle basis. We generally expect that substantially all customer accounts receivable will be collected within the month following customer billing, as this revenue consists primarily of monthly, tariff-based billings for service and usage. We maintain common utility credit risk mitigation practices, including requiring deposits and actively pursuing collection of past due amounts. In addition, our regulated operations utilize certain regulatory mechanisms that facilitate recovery of bad debt costs within tariff-based rates, which provides further evidence of collectibility. It is probable that substantially all of the consideration to which we are entitled from customers will be collected upon satisfaction of performance obligations.

Allowance for Credit Losses. We adopted ASC 326 effective January 1, 2020. See "Recently Adopted Accounting Pronouncements" in Note 2, "Recent Accounting Pronouncements," for more information about ASC 326.

Each of our business segments pool their customer accounts receivables based on similar risk characteristics, such as customer type, geography, payment terms, and related macro-economic risks. Expected credit loss exposure is evaluated separately for each of our accounts receivable pools. Expected credit losses are established using a model that considers historical collections experience, current information, and reasonable and supportable forecasts. Relevant and reliable internal and external inputs used in the model include, but are not limited to, gas consumption trends, revenue projections, actual charge-offs data, recoveries data, shut-off orders executed data, and final bill data. We continuously evaluate available reasonable and supportable information relevant to assessing collectability of current and future receivables. We evaluate creditworthiness of specific customers periodically or when required by changes in facts and circumstances. When we become aware of a specific customer's inability to pay, an allowance for expected credit losses is recorded for the relevant amount. We also monitor other circumstances that could affect our overall expected credit losses; these include, but are not limited to, creditworthiness of overall population in service territories, adverse conditions impacting an industry sector, and general economic conditions. At each reporting period, we record expected credit losses using an allowance for credit losses account. When deemed to be uncollectible, customer accounts are written-off.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

A rollforward of our allowance for credit losses for the three months ended March 31, 2020 are presented in the table below:

Three Months Ended March 31, 2020 (*in millions*)	Gas Distribution Operations	Electric Operations	Corporate and Other	Total
Beginning balance[(1)]	$ 9.1	$ 3.1	$ 0.8	$ 13.0
Current period provisions	9.1	1.5	—	10.6
Write-offs charged against allowance	(6.9)	(1.0)	—	(7.9)
Recoveries of amounts previously written off	4.6	—	—	4.6
Ending balance of the allowance for credit losses	$ 15.9	$ 3.6	$ 0.8	$ 20.3

[(1)]Total beginning balance differs from that presented in the Condensed Statements of Consolidated Balance Sheet (unaudited) as it excludes Columbia of Massachusetts. Columbia of Massachusetts' customer receivables and related allowance for credit losses are classified as held for sale at March 31, 2020.

In response to the COVID-19 pandemic, we have suspended shut-offs for nonpayment. This suspension applies to residential, commercial and industrial customers and will remain in effect until further notice. In addition, we are offering flexible payment plans to customers impacted or experiencing hardship as a result of COVID-19. For the three months ended March 31, 2020, we did not experience a material increase in our allowance for credit losses as a result of COVID-19. The adverse impact that COVID-19 will have on our customers' ability to pay is unknown and difficult to predict; however, we are monitoring changing circumstances and will adjust our allowance for credit losses as additional information becomes available.

4. Earnings Per Share

Basic EPS is computed by dividing net income available to common shareholders by the weighted-average number of shares of common stock outstanding for the period. The weighted-average shares outstanding for diluted EPS includes the incremental effects of the various long-term incentive compensation plans and forward agreements when the impact would be dilutive (See Note 5 "Equity"). The computation of diluted average common shares is as follows:

	Three Months Ended March 31,	
(in thousands)	**2020**	2019
Denominator		
Basic average common shares outstanding	**383,062**	373,356
Dilutive potential common shares:		
Shares contingently issuable under employee stock plans	**845**	1,062
Shares restricted under employee stock plans	**207**	133
Forward Agreements	**—**	105
Diluted Average Common Shares	**384,114**	374,656

5. Equity

Common Stock. As of March 31, 2020, we had 600,000,000 shares of common stock authorized for issuance, of which 382,694,308 shares were outstanding.

ATM Program and Forward Sale Agreements. On November 1, 2018, we entered into five separate equity distribution agreements pursuant to which we were able to sell up to an aggregate of $500.0 million of our common stock. Four of these agreements were then amended on August 1, 2019, and one was terminated. Pursuant to the four agreements, as amended, we may sell, from time to time, up to an aggregate of $434.4 million of our common stock.

As of March 31, 2020, the ATM program had approximately $200.7 million of equity available for issuance. The program expires on December 31, 2020. We did not have any activity under the ATM program for the three months ended March 31, 2020.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

Preferred Stock. As of March 31, 2020, we had 20,000,000 shares of preferred stock authorized for issuance, of which 440,000 shares of preferred stock in the aggregate for all series were outstanding. The following table displays preferred dividends declared for the period by outstanding series of shares:

			Quarter Ended March 31, 2020	Quarter Ended March 31, 2019	March 31, 2020	December 31, 2019
(in millions except shares and per share amounts)	Liquidation Preference Per Share	Shares	Dividends Declared Per Share		Outstanding	
5.650% Series A	$ 1,000.00	400,000	$ 28.25	28.25	$ 393.9	$ 393.9
6.500% Series B	$ 25,000.00	20,000	$ 812.50	862.15	$ 486.1	$ 486.1

In addition, 20,000 shares of Series B–1 Preferred Stock, par value $0.01 per share, were outstanding as of March 31, 2020. Holders of Series B–1 Preferred Stock are not entitled to receive dividend payments and have no conversion rights. The Series B–1 Preferred Stock is paired with the Series B Preferred Stock and may not be transferred, redeemed or repurchased except in connection with the simultaneous transfer, redemption or repurchase of the underlying Series B Preferred Stock.

As of March 31, 2020, Series A Preferred Stock had $6.7 million of cumulative preferred dividends in arrears, or $16.63 per share, and Series B Preferred Stock had $1.4 million of cumulative preferred dividends in arrears, or $72.23 per share.

6. Gas in Storage

We use both the LIFO inventory methodology and the weighted-average cost methodology to value natural gas in storage. Gas Distribution Operations prices natural gas storage injections at the average of the costs of natural gas supply purchased during the year. For interim periods, the difference between current projected replacement cost and the LIFO cost for quantities of gas temporarily withdrawn from storage is recorded as a temporary LIFO liquidation credit or debit within the Condensed Consolidated Balance Sheets (unaudited). Due to seasonality requirements, we expect interim variances in LIFO layers to be replenished by year end. We had a temporary LIFO liquidation debit of $29.9 million and zero as of March 31, 2020 and December 31, 2019, respectively, for certain gas distribution companies recorded within “Prepayments and other,” on the Condensed Consolidated Balance Sheets (unaudited).

7. Assets and Liabilities Held For Sale

On February 26, 2020, NiSource and Columbia of Massachusetts entered into an Asset Purchase Agreement with Eversource. Upon the terms and subject to the conditions set forth in the Asset Purchase Agreement, NiSource and Columbia of Massachusetts agreed to sell to Eversource, with certain additions and exceptions: (1) substantially all of the assets of Columbia of Massachusetts and (2) all of the assets held by any of Columbia of Massachusetts’ affiliates that primarily relate to the Massachusetts Business, and Eversource agreed to assume certain liabilities of Columbia of Massachusetts and its affiliates. The liabilities assumed by Eversource under the Asset Purchase Agreement do not include, among others, any liabilities arising out of the Greater Lawrence Incident or liabilities of Columbia of Massachusetts or its affiliates pursuant to civil claims for injury of persons or damage to property to the extent such injury or damage occurs prior to the closing in connection with the Massachusetts Business. The Asset Purchase Agreement provides for a purchase price of $1,100 million in cash, subject to adjustment based on Columbia of Massachusetts’ net working capital as of the closing. The closing of the transactions contemplated by the Asset Purchase Agreement is subject to various conditions, including the receipt of the approval of the Massachusetts DPU and resolution of proceedings before certain governmental bodies. As of March 31, 2020, the Massachusetts Business met the requirements under GAAP to be classified as held for sale, and the assets and liabilities of the Massachusetts Business are measured at fair value, less costs to sell. Our estimated total pre-tax loss as of the quarter ended March 31, 2020 is $280.2 million, based on March 31, 2020 asset and liability balances, estimated net working capital and estimated transaction costs. This estimated pre-tax loss is presented as Loss on Classification as Held for Sale on the Condensed Statements of Consolidated Income (unaudited) and is subject to change based on estimated transaction costs, the net working capital adjustment, and asset and liability balances at each measurement date leading up to the closing date. The final pre-tax loss on the transaction will be determined as of the closing date. The sale is expected to close by September 30, 2020, subject to closing conditions.

The Massachusetts Business had a pretax loss of $236.2 million and $80.7 million for the three months ended March 31, 2020 and 2019, respectively. The pretax loss amounts exclude allocated executive compensation expense and interest expense for intercompany and external debt that will not be assumed by Eversource or required to be repaid at closing. The pretax loss amounts

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

for the three months ended March 31, 2020 and 2019 include costs directly related to the Greater Lawrence Incident. In addition, the pretax loss amount for March 31, 2020 includes the Loss on Classification as Held for Sale. The major classes of assets and liabilities classified as held for sale on the Condensed Consolidated Balance Sheets (unaudited) at March 31, 2020 were:

(in millions)

Assets Held for Sale	Net Property, Plant and Equipment	Total Current Assets	Total Other Assets	Loss on Classification as Held for Sale[1]	Total Assets Held for Sale
Gas Distribution Operations	1,641.2	200.4	88.7	(274.5)	1,655.8
Liabilities Held for Sale	Long-term Debt, Excluding Amounts Due Within One Year		Total Current Liabilities	Total Other Liabilities	Total Liabilities Held for Sale
Gas Distribution Operations		42.4	78.9	349.6	470.9

[1] Amount differs from that presented in the Condensed Statements of Consolidated Income (unaudited) due to cash already paid for certain transaction costs.

8. Asset Retirement Obligations

In the first quarter of 2020, we made revisions to the estimated costs associated with refining the CCR compliance plan. The CCR rule requires the continued collection of data over time to determine the specific compliance solution. The change in estimated costs resulted in an increase to the asset retirement obligation liability of $69.8 million that was recorded in March 2020. See Note 18-C, "Environmental Matters," for additional information on CCRs.

9. Regulatory Matters

Cost Recovery and Trackers

Comparability of our line item operating results is impacted by regulatory trackers that allow for the recovery in rates of certain costs such as those described below. Increases in the expenses that are the subject of trackers generally result in a corresponding increase in operating revenues and, therefore, have essentially no impact on total operating income results.

Certain costs of our operating companies are significant, recurring in nature and generally outside the control of the operating companies. Some states allow the recovery of such costs through cost tracking mechanisms. Such tracking mechanisms allow for abbreviated regulatory proceedings in order for the operating companies to implement charges and recover appropriate costs. Tracking mechanisms allow for more timely recovery of such costs as compared with more traditional cost recovery mechanisms. Examples of such mechanisms include GCR adjustment mechanisms, tax riders, bad debt recovery mechanisms, electric energy efficiency programs, MISO non-fuel costs and revenues, resource capacity charges, federally mandated costs and environmental-related costs.

A portion of the Gas Distribution revenue is related to the recovery of gas costs, the review and recovery of which occurs through standard regulatory proceedings. All states in our operating area require periodic review of actual gas procurement activity to determine prudence and to permit the recovery of prudently incurred costs related to the supply of gas for customers. Our distribution companies have historically been found prudent in the procurement of gas supplies to serve customers.

A portion of the Electric Operations revenue is related to the recovery of fuel costs to generate power and the fuel costs related to purchased power. These costs are recovered through a FAC, a quarterly regulatory proceeding in Indiana.

Infrastructure Replacement and Federally-Mandated Compliance Programs

All of our operating utility companies have completed rate proceedings involving infrastructure replacement or enhancement, and have embarked upon initiatives to replace significant portions of their operating systems that are nearing the end of their useful lives. Each company's approach to cost recovery is unique, given the different laws, regulations and precedent that exist in each jurisdiction.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

The following table describes the most recent vintage of our regulatory programs to recover infrastructure replacement and other federally-mandated compliance investments currently in rates and those pending commission approval:

(in millions)

Company	Program	Incremental Revenue	Incremental Capital Investment	Investment Period	Filed	Status	Rates Effective
Columbia of Ohio	IRP - 2020	32.9	234.4	1/19-12/19	February 28, 2020	Approved April 22, 2020	May 2020
Columbia of Ohio	CEP - 2019	15.0	121.7	1/18-12/18	February 28, 2019	Approved August 28, 2019	September 2019
Columbia of Ohio	CEP - 2020	18.1	185.1	1/19-12/19	February 28, 2020	Order Expected August 2020	September 2020
NIPSCO - Gas	TDSIC 10[(1)]	1.6	12.4	7/18-4/19	June 25, 2019	Approved October 16, 2019	November 2019
NIPSCO - Gas	TDSIC 11[(2)]	(1.7)	38.7	5/19-12/19	February 25, 2020	Order Expected June 2020	July 2020
NIPSCO - Gas	FMCA 3[(3)]	0.3	43.0	4/19-9/19	November 26, 2019	Approved March 31, 2020	April 2020
Columbia of Massachusetts	GSEP - 2020[(3)(4)]	0.9	37.5	1/20-12/20	October 31, 2019	Approved April 30, 2020	May 2020
Columbia of Virginia	SAVE - 2020	3.8	50.0	1/20-12/20	August 15, 2019	Approved December 6, 2019	January 2020
Columbia of Kentucky	SMRP - 2020	4.2	40.4	1/20-12/20	October 15, 2019	Approved December 20, 2019	January 2020
Columbia of Maryland	STRIDE - 2020	1.3	15.0	1/20-12/20	January 29, 2020	Approved February 19, 2020	February 2020
NIPSCO - Electric	TDSIC - 6	28.1	131.1	12/18-6/19	August 21, 2019	Approved December 18, 2019	January 2020
NIPSCO - Electric	FMCA - 12[(3)]	1.6	4.7	3/19-8/19	October 18, 2019	Approved January 29, 2020	February 2020
NIPSCO - Electric	FMCA - 13[(3)(5)]	(1.2)	—	9/19-2/20	April 15, 2020	Order Expected July 2020	August 2020
Columbia of Pennsylvania	DSIC 2020	0.9	28.2	12/19-2/20	April 27, 2020	Approved May 4, 2020	May 2020

(1)Incremental capital and revenue are net of amounts included in the step 2 rates.
(2)Incremental revenue is net of amounts included in the step 2 rates and reflects a more typical 6-month filing period.
(3)Incremental revenue is inclusive of tracker eligible operations and maintenance expense.
(4)Incremental revenue reflects a 50% decrease in projected 2020 capital investments due to the October 3, 2019 order from the Massachusetts DPU that imposed work restrictions on Columbia of Massachusetts and the Massachusetts DPU's ongoing investigations.
(5)No eligible capital investments were made during the investment period.

Rate Case Actions

The following table describes current rate case actions as applicable in each of our jurisdictions net of tracker impacts:

(in millions)

Company	Requested Incremental Revenue	Approved or Settled Incremental Revenue	Filed	Status	Rates Effective
NIPSCO - Electric[(1)]	$ 21.4	$ (53.5)	October 31, 2018	Approved December 4, 2019	January 2020
Columbia of Pennsylvania	$ 100.4	in process	April 24, 2020	Order Expected January 2021	January 2021

(1)Rates were implemented in two steps, with implementation of step 1 rates effective on January 2, 2020 and step 2 rates effective on March 2, 2020.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

10. Risk Management Activities

We are exposed to certain risks relating to our ongoing business operations, namely commodity price risk and interest rate risk. We recognize that the prudent and selective use of derivatives may help to lower our cost of debt capital, manage our interest rate exposure and limit volatility in the price of natural gas.

Risk management assets and liabilities on our derivatives are presented on the Condensed Consolidated Balance Sheets (unaudited) as shown below:

(in millions)	**March 31, 2020**	December 31, 2019
Risk Management Assets - Current[1]		
Interest rate risk programs	**$ —**	$ —
Commodity price risk programs	**17.3**	0.6
Total	**$ 17.3**	$ 0.6
Risk Management Assets - Noncurrent[2]		
Interest rate risk programs	**$ —**	$ —
Commodity price risk programs	**10.9**	3.8
Total	**$ 10.9**	$ 3.8
Risk Management Liabilities - Current[3]		
Interest rate risk programs	**$ —**	$ —
Commodity price risk programs	**14.5**	12.6
Total	**$ 14.5**	$ 12.6
Risk Management Liabilities - Noncurrent		
Interest rate risk programs	**$ 253.7**	$ 76.2
Commodity price risk programs	**58.4**	57.8
Total	**$ 312.1**	$ 134.0

[1]Presented in "Prepayments and other" on the Condensed Consolidated Balance Sheets (unaudited).
[2]Presented in "Deferred charges and other" on the Condensed Consolidated Balance Sheets (unaudited).
[3]Presented in "Other accruals" on the Condensed Consolidated Balance Sheets (unaudited).

Commodity Price Risk Management
We, along with our utility customers, are exposed to variability in cash flows associated with natural gas purchases and volatility in natural gas prices. We purchase natural gas for sale and delivery to our retail, commercial and industrial customers, and for most customers the variability in the market price of gas is passed through in their rates. Some of our utility subsidiaries offer programs whereby variability in the market price of gas is assumed by the respective utility. The objective of our commodity price risk programs is to mitigate the gas cost variability, for us or on behalf of our customers, associated with natural gas purchases or sales by economically hedging the various gas cost components using a combination of futures, options, forwards or other derivative contracts.

NIPSCO received IURC approval to lock in a fixed price for its natural gas customers using long-term forward purchase instruments. The term of these instruments may range from five to ten years and is limited to 20 percent of NIPSCO's average annual GCA purchase volume. Gains and losses on these derivative contracts are deferred as regulatory liabilities or assets and are remitted to or collected from customers through NIPSCO's quarterly GCA mechanism. These instruments are not designated as accounting hedges.

Interest Rate Risk Management
As of March 31, 2020, we have forward-starting interest rate swaps with an aggregate notional value totaling $500.0 million to hedge the variability in cash flows attributable to changes in the benchmark interest rate during the periods from the effective dates of the swaps to the anticipated dates of forecasted debt issuances, which are expected to take place by 2024. These interest rate swaps are designated as cash flow hedges. The gains and losses related to these swaps are recorded to AOCI and are recognized in "Interest expense, net" concurrently with the recognition of interest expense on the associated debt, once issued. If it becomes probable that a hedged forecasted transaction will no longer occur, the accumulated gains or losses on the derivative will be recognized currently in "Other, net" in the Condensed Statements of Consolidated Income (unaudited).

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

There were no amounts excluded from effectiveness testing for derivatives in cash flow hedging relationships at March 31, 2020 and December 31, 2019.

Our derivative instruments measured at fair value as of March 31, 2020 and December 31, 2019 do not contain any credit-risk-related contingent features.

11. Fair Value

A. Fair Value Measurements

Recurring Fair Value Measurements

The following tables present financial assets and liabilities measured and recorded at fair value on our Condensed Consolidated Balance Sheets (unaudited) on a recurring basis and their level within the fair value hierarchy as of March 31, 2020 and December 31, 2019:

Recurring Fair Value Measurements March 31, 2020 *(in millions)*	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of March 31, 2020
Assets				
Risk management assets	$ —	$ 28.2	$ —	$ 28.2
Available-for-sale debt securities	—	144.6	—	144.6
Total	**$ —**	**$ 172.8**	**$ —**	**$ 172.8**
Liabilities				
Risk management liabilities	$ —	$ 326.6	$ —	$ 326.6
Total	**$ —**	**$ 326.6**	**$ —**	**$ 326.6**

Recurring Fair Value Measurements December 31, 2019 *(in millions)*	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of December 31, 2019
Assets				
Risk management assets	$ —	$ 4.4	$ —	$ 4.4
Available-for-sale debt securities	—	154.2	—	154.2
Total	**$ —**	**$ 158.6**	**$ —**	**$ 158.6**
Liabilities				
Risk management liabilities	$ —	$ 146.6	$ —	$ 146.6
Total	**$ —**	**$ 146.6**	**$ —**	**$ 146.6**

Risk Management Assets and Liabilities. Risk management assets and liabilities include interest rate swaps, exchange-traded NYMEX futures and NYMEX options and non-exchange-based forward purchase contracts. When utilized, exchange-traded derivative contracts are based on unadjusted quoted prices in active markets and are classified within Level 1. These financial assets and liabilities are secured with cash on deposit with the exchange; therefore, nonperformance risk has not been incorporated into these valuations. Certain non-exchange-traded derivatives are valued using broker or over-the-counter, on-line exchanges. In such cases, these non-exchange-traded derivatives are classified within Level 2. Non-exchange-based derivative instruments include swaps, forwards, and options. In certain instances, these instruments may utilize models to measure fair value. We use a similar model to value similar instruments. Valuation models utilize various inputs that include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, other observable inputs for the asset or liability and market-corroborated inputs, (i.e., inputs derived principally from or corroborated by observable market data by correlation or other means). Where observable inputs are available for substantially the full term of the asset or liability, the instrument is categorized within Level 2. Certain derivatives trade in less active markets with a lower availability of

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pricing information and models may be utilized in the valuation. When such inputs have a significant impact on the measurement of fair value, the instrument is categorized within Level 3. Credit risk is considered in the fair value calculation of derivative instruments that are not exchange-traded. Credit exposures are adjusted to reflect collateral agreements which reduce exposures. As of March 31, 2020 and December 31, 2019, there were no material transfers between fair value hierarchies. Additionally, there were no changes in the method or significant assumptions used to estimate the fair value of our financial instruments.

We have entered into forward-starting interest rate swaps to hedge the interest rate risk on coupon payments of forecasted issuances of long-term debt. These derivatives are designated as cash flow hedges. Credit risk is considered in the fair value calculation of each agreement. As they are based on observable data and valuations of similar instruments, the hedges are categorized within Level 2 of the fair value hierarchy. There was no exchange of premium at the initial date of the swaps, and we can settle the contracts at any time. For additional information, see Note 10, "Risk Management Activities."

NIPSCO has entered into long-term forward natural gas purchase instruments that range from five to ten years to lock in a fixed price for its natural gas customers. We value these contracts using a pricing model that incorporates market-based information when available, as these instruments trade less frequently and are classified within Level 2 of the fair value hierarchy. For additional information, see Note 10, “Risk Management Activities.”

Available-for-Sale Debt Securities. Available-for-sale debt securities are investments pledged as collateral for trust accounts related to our wholly-owned insurance company. We value U.S. Treasury, corporate debt and mortgage-backed securities using a matrix pricing model that incorporates market-based information. These securities trade less frequently and are classified within Level 2.

We adopted ASC 326 effective January 1, 2020. See "Recently Adopted Accounting Pronouncements" in Note 2, "Recent Accounting Pronouncements," for more information about ASC 326. Upon adoption of ASC 326, our available-for-sale debt securities impairments are recognized periodically using an allowance approach instead of an 'other than temporary' impairment model. At each reporting date, we utilize a quantitative and qualitative review process to assess the impairment of available-for-sale debt securities at the individual security level. For securities in a loss position, we evaluate our intent to sell or whether it is more-likely-than-not that we will be required to sell the security prior to the recovery of its amortized cost. If either criteria is met, the loss is recognized in earnings immediately, with the offsetting entry to the carrying value of the security. If both criteria are not met, we perform an analysis to determine whether the unrealized loss is related to credit factors. The analysis focuses on a variety of factors that include, but are not limited to, downgrade on ratings of the security, defaults in the current reporting period or projected defaults in the future, the security's yield spread over treasuries, and other relevant market data. If the unrealized loss is not related to credit factors, it is included in other comprehensive income. If the unrealized loss is related to credit factors, the loss is recognized as credit loss expense in earnings during the period, with an offsetting entry to the allowance for credit losses. The amount of the credit loss recorded to the allowance account is limited by the amount at which security's fair value is less than its amortized cost basis. If the credit losses in the allowance for credit losses are deemed uncollectible, the allowance on the uncollectible portion will be charged off, with an offsetting entry to the carrying value of the security. Subsequent improvements to the estimated credit losses of available-for-sale debt securities will be recognized immediately in earnings instead of over-time as they would under historic guidance. During the three months ended March 31, 2020, we recorded $1.2 million as an allowance for credit losses on available-for-sale debt securities as a result of the analysis described above. Continuous credit monitoring and portfolio credit balancing mitigates our risk of credit losses on our available-for-sale debt securities.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

The amortized cost, gross unrealized gains and losses, allowance for credit losses, and fair value of available-for-sale securities at March 31, 2020 and December 31, 2019 were:

March 31, 2020 *(in millions)*	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses[1]	Allowance for Credit Losses	Fair Value
Available-for-sale debt securities					
U.S. Treasury debt securities	$ 26.7	$ 0.7	$ —	$ —	$ 27.4
Corporate/Other debt securities	121.7	2.2	(5.5)	(1.2)	117.2
Total	**$ 148.4**	**$ 2.9**	**$ (5.5)**	**$ (1.2)**	**$ 144.6**

December 31, 2019 *(in millions)*	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses[2]	Allowance for Credit Losses	Fair Value
Available-for-sale debt securities					
U.S. Treasury debt securities	$ 31.4	$ 0.1	$ (0.1)	$ —	$ 31.4
Corporate/Other debt securities	118.7	4.2	(0.1)	—	122.8
Total	**$ 150.1**	**$ 4.3**	**$ (0.2)**	**$ —**	**$ 154.2**

[1]Fair value of U.S. Treasury debt securities and Corporate/Other debt securities in an unrealized loss position without an allowance for credit losses is $0 and $54 million, respectively, at March 31, 2020.
[2]Fair value of U.S. Treasury debt securities and Corporate/Other debt securities in an unrealized loss position without an allowance for credit losses is $17.2 million and $12.2 million, respectively, at December 31, 2019.

Realized gains and losses on available-for-sale securities were immaterial for the three months ended March 31, 2020 and 2019.

The cost of maturities sold is based upon specific identification. At March 31, 2020, approximately $4.7 million of U.S. Treasury debt securities and approximately $6.3 million of Corporate/Other debt securities have maturities of less than a year.

There are no material items in the fair value reconciliation of Level 3 assets and liabilities measured at fair value on a recurring basis for the three months ended March 31, 2020 and 2019.

Non-recurring Fair Value Measurements

We measure the fair value of certain assets on a non-recurring basis, typically annually or when events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. These assets include goodwill.

At March 31, 2020, we recorded a loss on classification as held for sale of $280.2 million in connection with measuring the assets and liabilities of the Massachusetts Business at fair value, less the costs to sell. For additional information, see Note 7, "Assets and Liabilities Held for Sale."

B. Other Fair Value Disclosures for Financial Instruments. The carrying amount of cash and cash equivalents, restricted cash, customer deposits and short-term borrowings is a reasonable estimate of fair value due to their liquid or short-term nature. Our long-term borrowings are recorded at historical amounts.

The following method and assumptions were used to estimate the fair value of each class of financial instruments.

Long-term Debt. The fair value of outstanding long-term debt is estimated based on the quoted market prices for the same or similar securities. Certain premium costs associated with the early settlement of long-term debt are not taken into consideration in determining fair value. These fair value measurements are classified within Level 2 of the fair value hierarchy. For the three months ended March 31, 2020, there was no change in the method or significant assumptions used to estimate the fair value of long-term debt.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

The carrying amount and estimated fair values of these financial instruments were as follows:

(in millions)	**Carrying Amount as of March 31, 2020**	**Estimated Fair Value as of March 31, 2020**	Carrying Amount as of Dec. 31, 2019	Estimated Fair Value as of Dec. 31, 2019
Long-term debt (including current portion)	**$ 7,825.8**	**$ 8,381.1**	$ 7,869.6	$ 8,764.4

12. Transfers of Financial Assets

Columbia of Ohio, NIPSCO and Columbia of Pennsylvania each maintain a receivables agreement whereby they transfer their customer accounts receivables to third-party financial institutions through wholly-owned and consolidated special purpose entities. The three agreements expire between August 2020 and May 2021 and may be further extended if mutually agreed to by the parties thereto.

All receivables transferred to third parties are valued at face value, which approximates fair value due to their short-term nature. The amount of the undivided percentage ownership interest in the accounts receivables transferred is determined in part by required loss reserves under the agreements.

Transfers of accounts receivable are accounted for as secured borrowings resulting in the recognition of short-term borrowings on the Condensed Consolidated Balance Sheets (unaudited). As of March 31, 2020, the maximum amount of debt that could be recognized related to our accounts receivable programs is $540.0 million.

The following table reflects the gross receivables balance and net receivables transferred, as well as short-term borrowings related to the securitization transactions as of March 31, 2020 and December 31, 2019:

(in millions)	**March 31, 2020**	December 31, 2019
Gross Receivables	**$ 593.2**	$ 569.1
Less: Receivables not transferred	**133.8**	215.9
Net receivables transferred	**$ 459.4**	$ 353.2
Short-term debt due to asset securitization	**$ 459.4**	$ 353.2

For the three months ended March 31, 2020 and 2019, $106.2 million and $100.8 million, respectively, was recorded as cash flows from financing activities related to the change in short-term borrowings due to securitization transactions. Fees associated with the securitization transactions were $0.7 million and $0.8 million for the three months ended March 31, 2020 and 2019, respectively. Columbia of Ohio, NIPSCO and Columbia of Pennsylvania remain responsible for collecting on the receivables securitized, and the receivables cannot be transferred to another party.

13. Goodwill

The following presents our goodwill balance allocated by segment as of March 31, 2020:

(in millions)	Gas Distribution Operations	Electric Operations	Corporate and Other	**Total**
Goodwill	$ 1,485.9	$ —	$ —	**$ 1,485.9**

For our annual goodwill impairment analysis most recently performed as of May 1, 2019, we completed a qualitative "step 0" analysis for all reporting units other than our Columbia of Massachusetts reporting unit. The results of the step 0 assessment indicated that it was not more likely than not that the fair values of these reporting units were less than their respective carrying values, accordingly, no "step 1" analysis was required. The results of our Columbia of Massachusetts reporting unit were negatively impacted by the Greater Lawrence Incident (see Note 18-B, "Legal Proceedings"). As a result, we completed a quantitative "step 1" analysis for the May 1, 2019 goodwill analysis for this reporting unit. The step 1 analysis performed indicated that the fair value of the Columbia of Massachusetts reporting unit substantially exceeds its carrying value. As a result, no impairment charge was recorded as of the May 1, 2019 test date.

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During the fourth quarter of 2019, in connection with the preparation of the year-end financial statements, we assessed the matters related to Columbia of Massachusetts and determined a new impairment analysis was required for our Columbia of Massachusetts reporting unit. The December 31, 2019 impairment analysis indicated that the fair value of the Columbia of Massachusetts reporting unit was below its carrying value. As a result, we reduced the Columbia of Massachusetts reporting unit goodwill balance to zero and recognized a goodwill impairment charge totaling $204.8 million in 2019.

While our annual goodwill impairment test is performed during the second quarter, with a valuation date of May 1, we continuously monitor changes in circumstances that may indicate that it is more likely than not that the fair value of our reporting units is less than the reporting unit carrying value. During the first quarter of 2020, we assessed events and circumstances related to COVID-19, including, but not limited to, general economic conditions, access to capital, developments in the equity and credit markets, the impact on NiSource's share price, the availability and cost of materials and labor, the impact on revenue and cash flow, and regulatory and political activity. The result of this assessment indicated that it was not more likely than not that the fair values of our reporting units were less than their respective carrying values at March 31, 2020.

We have begun our May 1, 2020 annual goodwill impairment analysis. We are assessing various assumptions, events and circumstances that will affect the estimated fair value of our reporting units, including an on-going evaluation of the impact of COVID-19. Our annual goodwill analysis will be completed by the end of the second quarter.

14. Income Taxes

Our interim effective tax rates reflect the estimated annual effective tax rates for 2020 and 2019, adjusted for tax expense associated with certain discrete items. The effective tax rates for the three months ended March 31, 2020 and 2019 were (24.5)% and 21.2%, respectively. These effective tax rates differ from the federal statutory tax rate of 21% primarily due to increased amortization of excess deferred federal income tax liabilities, as specified in the TCJA, tax credits, state income taxes and other permanent book-to-tax differences.

The decrease in the three month effective tax rate of 45.7% in 2020 compared to 2019 is primarily attributable to increased amortization of excess deferred federal income tax liabilities, as specified in the TCJA, and a discrete item related to the pre–tax book loss recorded for the classification as held for sale of the Massachusetts Business tax effected at statutory tax rates.

There were no material changes recorded in 2020 to our uncertain tax positions recorded as of December 31, 2019.

The CARES Act was enacted on March 27, 2020 in response to the COVID-19 pandemic. The CARES Act contains numerous income tax provisions, such as relaxing limitations on the deductibility of interest and the use of net operating losses arising in taxable years beginning after December 31, 2017. Future guidance to clarify provisions in the CARES Act (as well as under the TCJA) remains forthcoming, and such guidance could ultimately increase or lessen their impact on our business and financial condition. It is also possible that Congress and other agencies will enact additional legislation or policies in connection with COVID-19, and we will continue to assess the potential impacts of these developments on our financial position and results of operations. There are no material income tax impacts on our consolidated financial position, results of operations, and cash flows during the three months ended March 31, 2020.

15. Pension and Other Postretirement Benefits

We provide defined contribution plans and noncontributory defined benefit retirement plans that cover certain of our employees. Benefits under the defined benefit retirement plans reflect the employees’ compensation, years of service and age at retirement. Additionally, we provide health care and life insurance benefits for certain retired employees. The majority of employees may become eligible for these benefits if they reach retirement age while working for us. The expected cost of such benefits is accrued during the employees’ years of service. For most plans, cash contributions are remitted to grantor trusts.

For the three months ended March 31, 2020, we contributed $0.8 million to our pension plans and $6.3 million to our other postretirement benefit plans.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

The following table provides the components of the plans' actuarially determined net periodic benefit cost for the three months ended March 31, 2020 and 2019:

	Pension Benefits		Other Postretirement Benefits	
Three Months Ended March 31, *(in millions)*	**2020**	2019	**2020**	2019
Components of Net Periodic Benefit Cost[1]				
Service cost	**$ 8.0**	$ 7.3	**$ 1.6**	$ 1.3
Interest cost	**13.5**	18.2	**3.9**	4.8
Expected return on assets	**(28.4)**	(27.2)	**(3.6)**	(3.3)
Amortization of prior service credit	**0.2**	—	**(0.5)**	(0.8)
Recognized actuarial loss	**8.7**	11.4	**1.3**	0.5
Total Net Periodic Benefit Cost	**$ 2.0**	$ 9.7	**$ 2.7**	$ 2.5

[1]The service cost component and all non-service cost components of net periodic benefit cost are presented in "Operation and maintenance" and "Other, net", respectively, on the Condensed Statements of Consolidated Income (unaudited).

16. Long-Term Debt

On April 13, 2020, we completed our issuance and sale of $1.0 billion of 3.60% senior unsecured notes maturing in 2030 which resulted in approximately $987.8 million of net proceeds after deducting commissions and expenses.

17. Short-Term Borrowings

We generate short-term borrowings from our revolving credit facility, commercial paper program, accounts receivable transfer programs and term loan borrowings. Each of these borrowing sources is described further below.

We maintain a revolving credit facility to fund ongoing working capital requirements, including the provision of liquidity support for our commercial paper program, provide for issuance of letters of credit and also for general corporate purposes. Our revolving credit facility has a program limit of $1.85 billion and is comprised of a syndicate of banks led by Barclays. We had $500.0 million of outstanding borrowings under this facility as of March 31, 2020 and no outstanding borrowings under this facility as of December 31, 2019.

Our commercial paper program has a program limit of up to $1.5 billion with a dealer group comprised of Barclays, Citigroup, Credit Suisse and Wells Fargo. We had $237.0 million and $570.0 million of commercial paper outstanding as of March 31, 2020 and December 31, 2019, respectively.

Transfers of accounts receivable are accounted for as secured borrowings resulting in the recognition of short-term borrowings on the Condensed Consolidated Balance Sheets (unaudited). We had $459.4 million in transfers as of March 31, 2020 and $353.2 million in transfers as of December 31, 2019. Refer to Note 12, "Transfers of Financial Assets," for additional information.

Short-term borrowings were as follows:

(in millions)	**March 31, 2020**	December 31, 2019
Revolving credit facility interest rate of 2.13% at March 31, 2020	**$ 500.0**	$ —
Commercial paper weighted-average interest rate of 2.02% and 2.03% at March 31, 2020 and December 31, 2019, respectively	**237.0**	570.0
Accounts receivable securitization facility	**459.4**	353.2
Term loan interest rate of 3.25% and 2.40% at March 31, 2020 and December 31, 2019, respectively	**850.0**	850.0
Total Short-Term Borrowings	**$ 2,046.4**	$ 1,773.2

Other than for the term loan, revolving credit facility and certain commercial paper borrowings, cash flows related to the borrowings and repayments of the items listed above are presented net in the Condensed Statements of Consolidated Cash Flows (unaudited) as their maturities are less than 90 days.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

On April 1, 2020, we terminated and repaid in full our existing $850.0 million term loan agreement with a syndicate of banks led by MUFG Bank, Ltd. and entered into a new $850.0 million term loan agreement with a syndicate of banks led by KeyBank National Association. The term loan matures March 31, 2021, at which point any and all outstanding borrowings under the agreement are due. Interest charged on borrowings depends on the variable rate structure we elect at the time of each borrowing. The available variable rate structures from which we may choose are defined in the term loan agreement. Under the agreement, we borrowed $850.0 million on April 1, 2020 with an interest rate of LIBOR plus 75 basis points.

18. Other Commitments and Contingencies

A. Guarantees and Indemnities. We and certain of our subsidiaries enter into various agreements providing financial or performance assurance to third parties on behalf of certain subsidiaries as a part of normal business. Such agreements include guarantees and stand-by letters of credit. These agreements are entered into primarily to support or enhance the creditworthiness otherwise attributed to a subsidiary on a stand-alone basis, thereby facilitating the extension of sufficient credit to accomplish the subsidiaries' intended commercial purposes. As of March 31, 2020 and December 31, 2019, we had issued stand-by letters of credit of $10.2 million.

We have provided a guaranty related to our future performance under a BTA for our renewable generation projects. At March 31, 2020, this guarantee totaled $8.5 million.

B. Legal Proceedings. On September 13, 2018, a series of fires and explosions occurred in Lawrence, Andover and North Andover, Massachusetts related to the delivery of natural gas by Columbia of Massachusetts (the "Greater Lawrence Incident"). The Greater Lawrence Incident resulted in one fatality and a number of injuries, damaged multiple homes and businesses, and caused the temporary evacuation of significant portions of each municipality. The Massachusetts Governor's Office declared a state of emergency, authorizing the Massachusetts DPU to order another utility company to coordinate the restoration of utility services in Lawrence, Andover and North Andover. The incident resulted in the interruption of gas for approximately 7,500 gas meters, the majority of which served residences and approximately 700 of which served businesses, and the interruption of other utility service more broadly in the area. Columbia of Massachusetts has replaced the cast iron and bare steel gas pipeline system in the affected area and restored service to nearly all of the gas meters. See "- D. Other Matters - Greater Lawrence Pipeline Replacement" below for more information.

We are subject to inquiries and investigations by government authorities and regulatory agencies regarding the Greater Lawrence Incident, including the Massachusetts DPU and the Massachusetts Attorney General's Office, as described below. We are cooperating with all inquiries and investigations. In addition, on February 26, 2020, the Company and Columbia of Massachusetts entered into agreements with the U.S. Attorney's Office for the District of Massachusetts to resolve the U.S. Attorney's Office's investigation relating to the Greater Lawrence Incident, as described below.

NTSB Investigation. As previously disclosed, the NTSB concluded its investigation into the Greater Lawrence Incident, and we are implementing the one remaining safety recommendation resulting from the investigation.

Massachusetts Investigations. Under Massachusetts law, the DPU is authorized to investigate potential violations of pipeline safety regulations and to assess a civil penalty of up to $218,647 for a violation of federal pipeline safety regulations. A separate violation occurs for each day of violation up to $2.2 million for a related series of violations. The Massachusetts DPU also is authorized to investigate potential violations of the Columbia of Massachusetts emergency response plan and to assess penalties of up to $250,000 per violation per day, or up to $20.0 million per related series of violations. Further, as a result of the declaration of emergency by the Governor, the DPU is authorized to investigate potential violations of the DPU's operational directives during the restoration efforts and assess penalties of up to $1.0 million per violation. Pursuant to these authorities, the DPU is investigating Columbia of Massachusetts as described below. Columbia of Massachusetts will likely be subject to potential compliance actions related to the Greater Lawrence Incident and the restoration work following the incident, the timing and outcomes of which are uncertain at this time.

After the Greater Lawrence Incident, the Massachusetts DPU retained an independent evaluator to conduct a statewide examination of the safety of the natural gas distribution system and the operational and maintenance functions of natural gas companies in the Commonwealth of Massachusetts. Through authority granted by the Massachusetts Governor under the state of emergency, the Chair of the Massachusetts DPU has directed all natural gas distribution companies operating in the Commonwealth to fund the statewide examination. The statewide examination is complete. The Phase I report, which was issued in May 2019, included a program level assessment and evaluation of natural gas distribution companies. The Phase I report's conclusions were statewide and contained no specific conclusions about Columbia of Massachusetts. Phase II, which was focused on field assessments of each Massachusetts gas company, concluded in December 2019. The Phase II report made several observations about and

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

recommendations to Massachusetts gas companies, including Columbia of Massachusetts, with regard to safety culture and assets. The final report was issued in late January 2020, and the DPU directed each natural gas distribution company operating in Massachusetts to submit a plan in response to the report no later than February 28, 2020. Columbia of Massachusetts submitted its plan on February 28, 2020.

On September 11, 2019, the Massachusetts DPU issued an order directing Columbia of Massachusetts to take several specific actions to address concerns related to service lines abandoned during the restoration work following the Greater Lawrence Incident and to furnish certain information and periodic reports to the DPU.

On October 1, 2019, the Massachusetts DPU issued four orders to Columbia of Massachusetts in connection with the service lines abandoned during the Greater Lawrence Incident restoration, which require: (1) the submission of a detailed work plan to the DPU, (2) the completion of quality control work on certain abandoned services, (3) the payment for a third-party independent audit, to be contracted through the DPU, of all gas pipeline work completed as part of the incident restoration effort, and (4) prompt and full response to any requests for information by the third-party auditor. The Massachusetts DPU retained an independent evaluator to conduct this audit, and that third party is currently evaluating compliance with Massachusetts and federal law, as well as any other operational or safety risks that may be posed by the pipeline work. The audit scope also includes Columbia of Massachusetts' operations in the Lawrence Division and other service territories as appropriate.

Also in October 2019, the Massachusetts DPU issued three additional orders requiring: (1) daily leak surveillance and reporting in areas where abandoned services are located, (2) completion by November 15, 2019 of the work plan previously submitted describing how Columbia of Massachusetts would address the estimated 2,200 locations at which an inside meter set was moved outside the property as part of the abandoned service work completed during the Greater Lawrence Incident restoration, and (3) submission of a report by December 2, 2019 showing any patterns, trends or correlations among the non-compliant work related to the abandonment of service lines, gate boxes and curb boxes during the incident restoration.

On October 3, 2019, the Massachusetts DPU notified Columbia of Massachusetts that, absent DPU approval, it is currently allowed to perform only emergency work on its gas distribution system throughout its service territories in Massachusetts. The restrictions do not apply to Columbia of Massachusetts' work to address the previously identified issues with abandoned service lines and valve boxes in the Greater Lawrence, Massachusetts area. Columbia of Massachusetts is subject to daily monitoring by the DPU on any work that Columbia of Massachusetts conducts in Massachusetts. Such restrictions on work remain in place until modified by the DPU.

On October 25, 2019, the Massachusetts DPU issued two orders opening public investigations into Columbia of Massachusetts with respect to the Greater Lawrence Incident. The Massachusetts DPU opened the first investigation under its authority to determine compliance with federal and state pipeline safety laws and regulations, and to investigate Columbia of Massachusetts' responsibility for and response to the Greater Lawrence Incident and its restoration efforts following the incident. The Massachusetts DPU opened the second investigation under its authority to determine whether a gas distribution company has violated established standards regarding acceptable performance for emergency preparedness and restoration of service to investigate efforts by Columbia of Massachusetts to prepare for and restore service following the Greater Lawrence Incident. Separate penalties are applicable under each exercise of authority.

On December 23, 2019, the Massachusetts DPU issued an order defining the scope of its investigation into the response of Columbia of Massachusetts related to the Greater Lawrence Incident. The DPU identified three distinct time frames in which Columbia of Massachusetts handled emergency response and restoration directly: (1) September 13-14, 2018, (2) September 21 through December 16, 2018 (the Phase I restoration), and (3) September 27, 2019 through completion of restoration of outages resulting from the gas release event in Lawrence, Massachusetts that occurred on September 27, 2019. The DPU determined that it is appropriate to investigate separately, for each time period described above, the areas of response, recovery and restoration for which Columbia of Massachusetts was responsible. The DPU noted that it also may investigate the continued restoration and related repair work that took place after December 16, 2018 and, depending on the outcome of that investigation, may deem it appropriate to consider that period of restoration as an additional separate time period.

The DPU also noted that its investigation into all of the above described time periods is ongoing and that if the DPU determines, based on its investigation, that it is appropriate to treat the separate time frames as separate emergency events, it may impose up to the maximum statutory penalty for each event, pursuant to Mass. G.L. c. 164 Section 1J. This provision authorizes the DPU to investigate potential violations of the Columbia of Massachusetts emergency response plan and to assess penalties of up to $250,000 per violation per day, or up to $20 million per related series of violations. The DPU noted that at this preliminary stage of the investigation, it does not have the factual basis to make those determinations.

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In connection with its investigation related to the Greater Lawrence Incident, on February 4, 2020, the Massachusetts Attorney General's Office issued a request for documents primarily focused on the restoration work following the incident.

Columbia of Massachusetts is cooperating with the investigations set forth above as well as other inquiries and investigations resulting from an increased amount of enforcement activity, for all of which the outcomes are uncertain at this time.

Massachusetts Legislative Matters. Increased scrutiny related to gas system safety and regulatory oversight in Massachusetts, including new legislative proposals, is expected to continue during the current two year legislative session that ends in December 2020. To date, the Joint Committee on Telecommunications, Utilities and Energy has advanced two separate bills related to gas system safety to the House and Senate Ways and Means Committees for consideration.

U.S. Department of Justice Investigation. On February 26, 2020, the Company and Columbia of Massachusetts entered into agreements with the U.S. Attorney's Office to resolve the U.S. Attorney's Office's investigation relating to the Greater Lawrence Incident. Columbia of Massachusetts agreed to plead guilty in the United States District Court for the District of Massachusetts (the "Court") to violating the Natural Gas Pipeline Safety Act (the "Plea Agreement"), and the Company entered into a Deferred Prosecution Agreement (the "DPA").

Under the Plea Agreement, which must be approved by the Court, Columbia of Massachusetts will be subject to the following terms, among others: (i) a criminal fine in the amount of $53,030,116 paid within 30 days of sentencing; (ii) a three year probationary period that will early terminate upon a sale of Columbia of Massachusetts or a sale of its gas distribution business to a qualified third-party buyer consistent with certain requirements; (iii) compliance with each of the NTSB recommendations stemming from the Greater Lawrence Incident; and (iv) employment of an in-house monitor during the term of the probationary period.

On March 9, 2020, Columbia of Massachusetts entered its guilty plea pursuant to the Plea Agreement, and the Court accepted the plea. Sentencing of Columbia of Massachusetts is scheduled to occur on June 8, 2020.

Under the DPA, the U.S. Attorney's Office agreed to defer prosecution of the Company in connection with the Greater Lawrence Incident for a three-year period (which three-year period may be extended for twelve (12) months upon the U.S. Attorney's Office's determination of a breach of the DPA) subject to certain obligations of the Company, including, but not limited to, the following: (i) the Company will use reasonable best efforts to sell Columbia of Massachusetts or Columbia of Massachusetts' gas distribution business to a qualified third-party buyer consistent with certain requirements, and, upon the completion of any such sale, the Company will cease and desist any and all gas pipeline and distribution activities in the District of Massachusetts; (ii) the Company will forfeit and pay, within 30 days of the later of the sale becoming final or the date on which post-closing adjustments to the purchase price are finally determined in accordance with the agreement to sell Columbia of Massachusetts or its gas distribution business, a fine equal to the total amount of the profit or gain, if any, from any sale of Columbia of Massachusetts or its gas distribution business, with the amount of profit or gain determined as provided in the DPA; and (iii) the Company agrees as to each of the Company's subsidiaries involved in the distribution of gas through pipeline facilities in Massachusetts, Indiana, Ohio, Pennsylvania, Maryland, Kentucky and Virginia to implement and adhere to each of the recommendations from the NTSB stemming from the Greater Lawrence Incident. Pursuant to the DPA, if the Company complies with all of its obligations under the DPA, including, but not limited to those identified above, the U.S. Attorney's Office will not file any criminal charges against the Company related to the Greater Lawrence Incident. If Columbia of Massachusetts withdraws its plea for any reason, if the Court rejects any aspect of the Plea Agreement, or if Columbia of Massachusetts should fail to perform an obligation under the Plea Agreement prior to the sale of Columbia of Massachusetts or its gas distribution business, the U.S. Attorney's Office may, at its sole option, render the DPA null and void.

U.S. Congressional Activity. On September 30, 2019, the U.S. Pipeline Safety Act expired. There is no effect on PHMSA's authority. Action on past re-authorization bills has extended past the expiration date and action on this re-authorization is expected to continue well into 2020. Pipeline safety jurisdiction resides with the U.S. Senate Commerce Committee and is divided between two committees in the U.S. House of Representatives (Energy and Commerce, and Transportation and Infrastructure). Legislative proposals are currently in various stages of committee development and the timing of further action is uncertain. Certain legislative proposals, if enacted into law, may increase costs for natural gas industry companies, including the Company and Columbia of Massachusetts.

Private Actions. Various lawsuits, including several purported class action lawsuits, have been filed by various affected residents or businesses in Massachusetts state courts against the Company and/or Columbia of Massachusetts in connection with the Greater Lawrence Incident. A special judge has been appointed to hear all pending and future cases and the class actions have been consolidated into one class action. On January 14, 2019, the special judge granted the parties' joint motion to stay all cases until

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April 30, 2019 to allow mediation, and the parties subsequently agreed to extend the stay until July 25, 2019. The class action lawsuits allege varying causes of action, including those for strict liability for ultra-hazardous activity, negligence, private nuisance, public nuisance, premises liability, trespass, breach of warranty, breach of contract, failure to warn, unjust enrichment, consumer protection act claims, negligent, reckless and intentional infliction of emotional distress and gross negligence, and seek actual compensatory damages, plus treble damages, and punitive damages.

On July 26, 2019, the Company, Columbia of Massachusetts and NiSource Corporate Services Company, a subsidiary of the Company, entered into a term sheet with the class action plaintiffs under which they agreed to settle the class action claims in connection with the Greater Lawrence Incident. Columbia of Massachusetts agreed to pay $143 million into a settlement fund to compensate the settlement class and the settlement class agreed to release Columbia of Massachusetts and affiliates from all claims arising out of or related to the Greater Lawrence Incident. The following claims are not covered under the proposed settlement because they are not part of the consolidated class action: (1) physical bodily injury and wrongful death; (2) insurance subrogation, whether equitable, contractual or otherwise; and (3) claims arising out of appliances that are subject to the Massachusetts DPU orders. Emotional distress and similar claims are covered under the proposed settlement unless they are secondary to a physical bodily injury. The settlement class is defined under the term sheet as all persons and businesses in the three municipalities of Lawrence, Andover and North Andover, Massachusetts, subject to certain limited exceptions. The motion for preliminary approval and the settlement documents were filed on September 25, 2019. The preliminary approval court hearing was held on October 7, 2019 and the court issued an order granting preliminary approval of the settlement on October 11, 2019. The Court granted final approval of the settlement on March 12, 2020.

With respect to claims not included in the consolidated class action, many of the asserted wrongful death and bodily injury claims have settled, and we continue to discuss potential settlements with remaining claimants. In addition, the Commonwealth of Massachusetts is seeking reimbursement from Columbia of Massachusetts for its expenses incurred in connection with the Greater Lawrence Incident. The outcomes and impacts of such private actions are uncertain at this time.

Shareholder Derivative Lawsuit. On April 28, 2020, a shareholder derivative lawsuit was filed by the City of Detroit Police and Fire Retirement System in the United States District Court for the District of Delaware against certain of the Company's current and former directors, alleging breaches of fiduciary duty with respect to the pipeline safety management systems relating to the distribution of natural gas prior to the Greater Lawrence Incident and also including claims related to the Company's proxy statement disclosures regarding its safety systems. The remedies sought include damages for the alleged breaches of fiduciary duty, corporate governance reforms, and restitution of any unjust enrichment. Because of the preliminary nature of this lawsuit, the Company is not able to estimate a loss or range of loss, if any, that may be incurred in connection with this matter at this time.

Financial Impact. Since the Greater Lawrence Incident, we have recorded expenses of approximately $1,041 million for third-party claims and fines, penalties and settlements associated with government investigations. We estimate that total costs related to third-party claims and fines, penalties and settlements associated with government investigations resulting from the incident will range from $1,041 million to $1,055 million, depending on the number, nature, final outcome and value of third-party claims and the final outcome of government investigations. With regard to third-party claims, these costs include, but are not limited to, personal injury and property damage claims, damage to infrastructure, business interruption claims, and mutual aid payments to other utilities assisting with the restoration effort. These costs do not include costs of certain third-party claims and fines, penalties or settlements associated with government investigations that we are not able to estimate, nor do they include non-claims related and government investigation-related legal expenses resulting from the incident and the capital cost of the pipeline replacement, which are set forth in " - D. Other Matters - Greater Lawrence Incident Restoration" and "- Greater Lawrence Incident Pipeline Replacement," respectively, below.

The process for estimating costs associated with third-party claims and fines, penalties, and settlements associated with government investigations relating to the Greater Lawrence Incident requires management to exercise significant judgment based on a number of assumptions and subjective factors. As more information becomes known, including additional information regarding ongoing investigations, management's estimates and assumptions regarding the financial impact of the Greater Lawrence Incident may change.

The aggregate amount of third-party liability insurance coverage available for losses arising from the Greater Lawrence Incident is $800 million. We have collected the entire $800 million. Total expenses related to the incident have exceeded the total amount of insurance coverage available under our policies. Refer to "- D. Other Matters - Greater Lawrence Incident Restoration," below for a summary of third-party claims-related expense activity and associated insurance recoveries recorded since the Greater Lawrence Incident.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

We are also party to certain other claims, regulatory and legal proceedings arising in the ordinary course of business in each state in which we have operations, none of which we believe to be individually material at this time.

Due to the inherent uncertainty of litigation, there can be no assurance that the outcome or resolution of any particular claim, proceeding or investigation related to the Greater Lawrence Incident or otherwise would not have a material adverse effect on our results of operations, financial position or liquidity. Certain matters in connection with the Greater Lawrence Incident have had or may have a material impact as described above. If one or more of such additional or other matters were decided against us, the effects could be material to our results of operations in the period in which we would be required to record or adjust the related liability and could also be material to our cash flows in the periods that we would be required to pay such liability.

C. Environmental Matters. Our operations are subject to environmental statutes and regulations related to air quality, water quality, hazardous waste and solid waste. We believe that we are in substantial compliance with the environmental regulations currently applicable to our operations.

It is management's continued intent to address environmental issues in cooperation with regulatory authorities in such a manner as to achieve mutually acceptable compliance plans. However, there can be no assurance that fines and penalties will not be incurred. Management expects a significant portion of environmental assessment and remediation costs to be recoverable through rates for certain of our companies.

As of March 31, 2020 and December 31, 2019, we had recorded a liability of $91.4 million and $104.4 million, respectively, to cover environmental remediation at various sites. The current portion of this liability is included in "Legal and environmental" in the Condensed Consolidated Balance Sheets (unaudited). The noncurrent portion is included in "Other noncurrent liabilities." We recognize costs associated with environmental remediation obligations when the incurrence of such costs is probable and the amounts can be reasonably estimated. The original estimates for remediation activities may differ materially from the amount ultimately expended. The actual future expenditures depend on many factors, including currently enacted laws and regulations, the nature and extent of impact and the method of remediation. These expenditures are not currently estimable at some sites. We periodically adjust our liability as information is collected and estimates become more refined.

Electric Operations' compliance estimates disclosed below are reflective of NIPSCO's Integrated Resource Plan submitted to the IURC on October 31, 2018. See section D, "Other Matters NIPSCO 2018 Integrated Resource Plan," below for additional information.

Air
Future legislative and regulatory programs could significantly limit allowed GHG emissions or impose a cost or tax on GHG emissions. Additionally, rules that require further GHG reductions or impose additional requirements for natural gas facilities could impose additional costs. NiSource will carefully monitor all GHG reduction proposals and regulations.

ACE Rule. On July 8, 2019, the EPA published the final ACE rule, which establishes emission guidelines for states to use when developing plans to limit carbon dioxide at coal-fired electric generating units based on heat rate improvement measures. The coal-fired units at NIPSCO's R.M. Schahfer Generating Station and Michigan City Generating Station are potentially affected sources, and compliance requirements for these units which NIPSCO plans to retire by 2023 and 2028, respectively, will be determined by future Indiana rulemaking. The ACE rule notes that states have "broad flexibility in setting standards of performance for designated facilities" and that a state may set a "business as usual" standard for sources that have a remaining useful life "so short that imposing any costs on the electric generating unit is unreasonable." State plans are due by 2022, and the EPA will have six months to determine completeness and then one additional year to determine whether to approve the submitted plan. States have the discretion to determine the compliance period for each source. As a result, NIPSCO will continue to monitor this matter and cannot estimate its impact at this time.

Waste
CERCLA. Our subsidiaries are potentially responsible parties at waste disposal sites under the CERCLA (commonly known as Superfund) and similar state laws. Under CERCLA, each potentially responsible party can be held jointly, severally and strictly liable for the remediation costs as the EPA, or state, can allow the parties to pay for remedial action or perform remedial action themselves and request reimbursement from the potentially responsible parties. Our affiliates have retained CERCLA environmental liabilities, including remediation liabilities, associated with certain current and former operations. These liabilities are not material to the Condensed Consolidated Financial Statements (*unaudited*).

MGP. A program has been instituted to identify and investigate former MGP sites where Gas Distribution Operations subsidiaries or predecessors may have liability. The program has identified 63 such sites where liability is probable. Remedial actions at many

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

of these sites are being overseen by state or federal environmental agencies through consent agreements or voluntary remediation agreements.

We utilize a probabilistic model to estimate our future remediation costs related to MGP sites. The model was prepared with the assistance of a third party and incorporates our experience and general industry experience with remediating MGP sites. We complete an annual refresh of the model in the second quarter of each fiscal year. No material changes to the estimated future remediation costs were noted as a result of the refresh completed as of June 30, 2019. Our total estimated liability related to the facilities subject to remediation was $86.8 million and $102.2 million at March 31, 2020 and December 31, 2019, respectively. The liability represents our best estimate of the probable cost to remediate the facilities. We believe that it is reasonably possible that remediation costs could vary by as much as $20 million in addition to the costs noted above. Remediation costs are estimated based on the best available information, applicable remediation standards at the balance sheet date and experience with similar facilities.

CCRs. On April 17, 2015, the EPA issued a final rule for regulation of CCRs. The rule regulates CCRs under the RCRA Subtitle D, which determines them to be nonhazardous. The rule is implemented in phases and requires increased groundwater monitoring, reporting, recordkeeping and posting of related information to the Internet. The rule also establishes requirements related to CCR management and disposal. The rule allows NIPSCO to continue its byproduct beneficial use program.

To comply with the rule, NIPSCO completed capital expenditures to modify its infrastructure and manage CCRs during 2019. The CCR rule also resulted in revisions to previously recorded legal obligations associated with the retirement of certain NIPSCO facilities. The actual asset retirement costs related to the CCR rule may vary substantially from the estimates used to record the increased asset retirement obligation due to the uncertainty about the requirements that will be established by environmental authorities, compliance strategies that will be used, and the preliminary nature of available data used to estimate costs. As allowed by the rule, NIPSCO will continue to collect data over time to determine the specific compliance solutions and associated costs and, as a result, the actual costs may vary. NIPSCO has filed initial CCR closure plans for R.M. Schahfer Generating Station and Michigan City Generating Station with the Indiana Department of Environmental Management.

Water
ELG. On November 3, 2015, the EPA issued a final rule to amend the ELG and standards for the Steam Electric Power Generating category. Based upon a study performed in 2016 of the final rule, capital compliance costs were expected to be approximately $170 million. The EPA has proposed revisions to the final rule. NIPSCO does not anticipate material ELG compliance costs based on the preferred option announced as part of NIPSCO's 2018 Integrated Resource Plan (discussed below).

D**. Other Matters.**

NIPSCO 2018 Integrated Resource Plan. Multiple factors, but primarily economic ones, including low natural gas prices, advancing cost effective renewable technology and increasing capital and operating costs associated with existing coal plants, have led NIPSCO to conclude in its October 2018 Integrated Resource Plan submission that NIPSCO’s current fleet of coal generation facilities will be retired earlier than previous Integrated Resource Plan’s had indicated.

The Integrated Resource Plan evaluated demand-side and supply-side resource alternatives to reliably and cost effectively meet NIPSCO customers' future energy requirements over the ensuing 20 years. The preferred option within the Integrated Resource Plan retires R.M. Schahfer Generating Station (Units 14, 15, 17, and 18) by 2023 and Michigan City Generating Station (Unit 12) by 2028. These units represent 2,080 MW of generating capacity, equal to 72% of NIPSCO’s remaining generating capacity and 100% of NIPSCO's remaining coal-fired generating capacity.

The current replacement plan includes lower-cost, reliable, cleaner energy resources to be obtained through a combination of NIPSCO ownership and PPAs.

In January 2019, NIPSCO executed a 20 year PPA, referred to as the Jordan Creek PPA, to purchase 100% of the output from renewable generation facilities at a fixed price per MWh. NIPSCO submitted the Jordan Creek PPA to the IURC for approval in February 2019 and the IURC approved the Jordan Creek PPA on June 5, 2019. Payments under the Jordan Creek PPA will not begin until the associated generation facility is constructed by the owner / seller, which is currently scheduled to be complete by the end of 2020. NIPSCO is monitoring any possible impact COVID-19 may have on the expected completion date of this project.

Also in January 2019, NIPSCO executed a BTA, referred to as the Rosewater BTA, with a developer to construct a renewable generation facility with a nameplate capacity of approximately 100 MW. Once complete, ownership of the facility would be transferred to a joint venture whose members include NIPSCO, the developer and an unrelated tax equity partner. The aforementioned joint venture is expected to be fully owned by NIPSCO after the wind PTCs are monetized from the project

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

(approximately 10 years after the facility goes into service). NIPSCO's purchase requirement under the Rosewater BTA is dependent on satisfactory approval of the Rosewater BTA by the IURC, successful execution of an agreement with a tax equity partner and timely completion of construction. NIPSCO submitted the Rosewater BTA to the IURC for approval in February 2019 and the IURC approved the Rosewater BTA on August 7, 2019. The required FERC approvals for the project were received in December 2019. Construction of the facility is scheduled to be completed by the end of 2020; however, this project could experience a construction delay due to COVID-19. NIPSCO is continuing to monitor the impact of COVID-19.

On October 1, 2019, NIPSCO announced the opening of its next round of RFP to consider potential resources to meet the future electric needs of its customers. The RFP closed on November 20, 2019, and NIPSCO continues to evaluate the results. NIPSCO is considering all sources in the RFP process and is expecting to obtain adequate resources to facilitate the retirement of the R.M. Schahfer Generation Station in 2023. The planned replacement in 2023 of approximately 1,600 MW from this coal-fired generation station will provide incremental capital investment opportunities for 2022 and 2023. Currently, half of the capacity in the replacement plan is targeted to be owned by joint ventures that will include NIPSCO and unrelated financial investors as the members. The remaining new capacity is expected to be primarily in the form of PPAs. NIPSCO expects to begin the appropriate regulatory compliance filings related to the new capacity as agreements are finalized with counterparties in 2020 and 2021.

In October 2019, NIPSCO executed a BTA, referred to as the Indiana Crossroads BTA, with a developer to construct an additional renewable generation facility with a nameplate capacity of approximately 300 MW. Once complete, ownership of the facility would be transferred to a joint venture whose members include NIPSCO, the developer and an unrelated tax equity partner. The aforementioned joint venture is expected to be fully owned by NIPSCO after the wind PTCs are monetized from the project (approximately 10 years after the facility goes into service). NIPSCO's purchase requirement under the Indiana Crossroads BTA is dependent on satisfactory approval of the Indiana Crossroads BTA by the IURC, successful execution of an agreement with a tax equity partner, and timely completion of construction. NIPSCO submitted the Indiana Crossroads BTA to the IURC for approval on October 22, 2019, and the IURC approved the Indiana Crossroads BTA on February 19, 2020. Required FERC filings are expected to be filed by the end of June 2020. Construction of the facility is expected to be completed by the end of 2021.

On May 1, 2020, President Donald Trump issued an executive order (the “EO”) prohibiting any transaction initiated after that day that (i) involves bulk-power system equipment designed, developed, manufactured or supplied by persons owned by, controlled by or subject to the jurisdiction or direction of a foreign adversary and (ii) poses an unacceptable risk to national security. The EO directs the U.S. Secretary of Energy to issue implementing regulations by September 28, 2020. The EO also requires the U.S. Secretary of Energy to review the risk of existing bulk-power system equipment sourced from foreign adversaries and to establish a task force to review and recommend federal procurement policies and procedures consistent with the considerations identified in the EO. In the future certain bulk-power system equipment owned or operated by NiSource could possibly be considered to be sourced from a foreign adversary within the meaning of the EO.

Greater Lawrence Incident Restoration. In addition to the amounts estimated for third-party claims and fines, penalties and settlements associated with government investigations described above, since the Greater Lawrence Incident, we have recorded expenses of approximately $429 million for other incident-related costs. We estimate that total other incident-related costs will range from $450 million and $460 million, depending on the incurrence of costs associated with resolving outstanding inquiries and investigations discuss above in " - B. Legal Proceedings." Such costs include certain consulting costs, legal costs, vendor costs, claims center costs, labor and related expenses incurred in connection with the incident, and insurance-related loss surcharges. The amounts set forth above do not include the capital cost of the pipeline replacement, which is set forth below, or any estimates for fines and penalties, which are discussed above in " - B. Legal Proceedings."

As discussed in "- B. Legal Proceedings," the aggregate amount of third-party liability insurance coverage available for losses arising from the Greater Lawrence Incident is $800 million. We have collected the entire $800 million. Expenses related to the incident have exceeded the total amount of insurance coverage available under our policies.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

The following table summarizes expenses incurred and insurance recoveries recorded since the Greater Lawrence Incident. This activity is presented within "Operation and maintenance" and "Other, net' in our Condensed Statements of Consolidated Income (unaudited).

(in millions)	Total Costs Incurred through December 31, 2019	**Costs Incurred during the Three Months Ended March 31, 2020**	Incident to Date
Third-party claims	$ 1,041	**$ —**	$ 1,041
Other incident-related costs	420	**9**	429
Total	1,461	**9**	1,470
Insurance recoveries recorded	(800)	**—**	(800)
Total costs incurred	$ 661	**$ 9**	$ 670

Greater Lawrence Pipeline Replacement. In connection with the Greater Lawrence Incident, Columbia of Massachusetts, in cooperation with the Massachusetts Governor's office, replaced the entire affected 45-mile cast iron and bare steel pipeline system that delivers gas to approximately 7,500 gas meters, the majority of which serve residences and approximately 700 of which serve businesses impacted in the Greater Lawrence Incident. This system was replaced with plastic distribution mains and service lines, as well as enhanced safety features such as pressure regulation and excess flow valves at each premise.

We have invested approximately $258 million of capital spend for the pipeline replacement; this work was completed in 2019. We maintain property insurance for gas pipelines and other applicable property. Columbia of Massachusetts has filed a proof of loss with its property insurer for the full cost of the pipeline replacement. In January 2020, we filed a lawsuit against the property insurer, seeking payment of our property claim. We are currently unable to predict the timing or amount of any insurance recovery under the property policy. This pipeline replacement cost is part of the Massachusetts Business that is classified as held for sale at March 31, 2020. The assets and liabilities of the Massachusetts Business have been recorded at fair value, less costs to sell, which has resulted in a loss being recorded as of March 31, 2020. See Note 7, "Assets and Liabilities Held for Sale," for additional information.

State Income Taxes Related to Greater Lawrence Incident Expenses. As of December 31, 2018, expenses related to the Greater Lawrence Incident were $1,023 million. In the fourth quarter of 2019, we filed an application for Alternative Apportionment with the MA DOR to request an allocable approach to these expenses for purposes of Massachusetts state income taxes, which, if approved, would result in a state deferred tax asset of approximately $50 million, net. The MA DOR issued a denial during the first quarter of 2020. We are filing an application for abatement in the second quarter of 2020 and believe it is reasonably possible that the application will be accepted, or an alternative method proposed.

19. Accumulated Other Comprehensive Loss

The following tables display the components of Accumulated Other Comprehensive Loss:

(in millions)	**Gains and Losses on Securities[(1)]**	**Gains and Losses on Cash Flow Hedges[(1)]**	**Pension and OPEB Items[(1)]**	**Accumulated Other Comprehensive Loss[(1)]**
Balance as of January 1, 2020	$ 3.3	$ (77.2)	$ (18.7)	$ (92.6)
Other comprehensive income (loss) before reclassifications	(5.2)	(133.3)	0.4	(138.1)
Amounts reclassified from accumulated other comprehensive income (loss)	(0.2)	—	0.3	0.1
Net current-period other comprehensive income (loss)	(5.4)	(133.3)	0.7	(138.0)
Balance as of March 31, 2020	**$ (2.1)**	**$ (210.5)**	**$ (18.0)**	**$ (230.6)**

(1)All amounts are net of tax. Amounts in parentheses indicate debits.

(in millions)	**Gains and Losses on Securities[(1)]**	**Gains and Losses on Cash Flow Hedges[(1)]**	**Pension and OPEB Items[(1)]**	**Accumulated Other Comprehensive Loss[(1)]**
Balance as of January 1, 2019	$ (2.4)	$ (13.0)	$ (21.8)	$ (37.2)
Other comprehensive income (loss) before reclassifications	2.7	(19.3)	0.5	(16.1)
Amounts reclassified from accumulated other comprehensive income	0.1	—	0.4	0.5
Net current-period other comprehensive income (loss)	2.8	(19.3)	0.9	(15.6)
Balance as of March 31, 2019	$ 0.4	$ (32.3)	$ (20.9)	$ (52.8)

(1)All amounts are net of tax. Amounts in parentheses indicate debits.

20. Other, Net

Three Months Ended March 31, *(in millions)*	**2020**	2019

Interest income	**$**	**1.7**	$	2.1
AFUDC equity		**1.7**		1.7
Pension and other postretirement non-service cost		**2.7**		(2.8)
Miscellaneous		**(0.7)**		(1.7)
Total Other, net	**$**	**5.4**	$	(0.7)

21. Business Segment Information

At March 31, 2020, our operations are divided into two primary reportable segments. The Gas Distribution Operations segment provides natural gas service and transportation for residential, commercial and industrial customers in Ohio, Pennsylvania, Virginia, Kentucky, Maryland, Indiana and Massachusetts. The Electric Operations segment provides electric service in 20 counties in the northern part of Indiana.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

The following table provides information about our business segments. We use operating income as our primary measurement for each of the reported segments and make decisions on finance, dividends and taxes at the corporate level on a consolidated basis. Segment revenues include intersegment sales to affiliated subsidiaries, which are eliminated in consolidation. Affiliated sales are recognized on the basis of prevailing market, regulated prices or at levels provided for under contractual agreements. Operating income is derived from revenues and expenses directly associated with each segment.

	Three Months Ended March 31,	
(in millions)	**2020**	2019
Operating Revenues		
Gas Distribution Operations		
Unaffiliated	**$ 1,228.0**	$ 1,438.8
Intersegment	**3.0**	3.3
Total	**1,231.0**	1,442.1
Electric Operations		
Unaffiliated	**377.3**	430.8
Intersegment	**0.2**	0.2
Total	**377.5**	431.0
Corporate and Other		
Unaffiliated	**0.2**	0.2
Intersegment	**106.7**	111.1
Total	**106.9**	111.3
Eliminations	**(109.9)**	(114.6)
Consolidated Operating Revenues	**$ 1,605.5**	$ 1,869.8
Operating Income (Loss)		
Gas Distribution Operations	**$ 78.5**	$ 275.4
Electric Operations	**78.5**	95.0
Corporate and Other	**(8.8)**	3.8
Consolidated Operating Income	**$ 148.2**	$ 374.2

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

NiSource Inc.

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EXECUTIVE SUMMARY

This Management's Discussion and Analysis of Financial Condition and Results of Operations (Management's Discussion) analyzes our financial condition, results of operations and cash flows and those of our subsidiaries. It also includes management's analysis of past financial results and certain potential factors that may affect future results, potential future risks and approaches that may be used to manage those risks. See "Note regarding forward-looking statements" at the beginning of this report for a list of factors that may cause results to differ materially.

Management's Discussion is designed to provide an understanding of our operations and financial performance and should be read in conjunction with our Annual Report on Form 10-K for the fiscal year ended December 31, 2019.

We are an energy holding company under the Public Utility Holding Company Act of 2005 whose subsidiaries are fully regulated natural gas and electric utility companies serving customers in seven states. We generate substantially all of our operating income through these rate-regulated businesses which are summarized for financial reporting purposes into two primary reportable segments: Gas Distribution Operations and Electric Operations.

Refer to the "Business" section of our Annual Report on Form 10-K for the fiscal year ended December 31, 2019 for further discussion of our regulated utility business segments.

Our goal is to develop strategies that benefit all stakeholders as we address changing customer conservation patterns, develop more contemporary pricing structures and embark on long-term investment programs. These strategies are intended to improve reliability and safety, enhance customer service and reduce emissions while generating sustainable returns. Additionally, we continue to pursue regulatory and legislative initiatives that will allow residential customers not currently on our system to obtain gas service in a cost effective manner. Refer also to the discussion of *Electric Supply* within our Electric Operations discussion for additional information on our long term electric generation strategy.

Novel Coronavirus: During the first quarter of 2020, the United States and countries around the globe were impacted by the outbreak of the novel coronavirus (COVID-19). On March 11, 2020, the World Health Organization (WHO) declared the outbreak of COVID-19 to be a global pandemic. In response to this declaration and the rapid spread of COVID-19 within the United States, federal, state and local governments throughout the country have imposed varying degrees of restrictions on social and commercial activity to promote social distancing in an effort to slow the spread of the illness. These measures have begun to have a significant adverse impact upon many sectors of the economy.

NiSource provides essential natural gas and electric services. The safety of our employees and customers, while providing these essential services during the COVID-19 pandemic, is paramount. We are taking a proactive, coordinated approach intended to prevent, mitigate and respond to COVID-19 by activating our Incident Command System (ICS), which includes members of our executive council, a medical review professional, and members of functional teams from across our company. The ICS monitors state-by-state conditions and determines steps to conduct our operations safely for employees and customers. This includes, without limitation, assessing COVID-19 cases, conditions and mandates by location, implementing employee and customer health and mitigation plans, rolling out technology to maximize work-from-home capabilities, securing appropriate personal protective equipment and cleaning facilities, coordinating customer, employee and stakeholder messaging and monitoring impacts to supply chain and contractor networks. We are also monitoring guidance from the Centers for Disease Control (CDC), as well as local, state and federal agencies.

We have implemented procedures designed to protect our employees who work in the field and who continue to work in operational and corporate facilities, including temperature checks, more frequent cleaning of equipment and facilities, and sequestration of employees who support critical functions. We have implemented social distancing practices, including work-from-home policies. We are temporarily suspending all non-essential work that requires an employee to enter a customer premise and limiting company vehicle occupancy to one person. We continue to employ physical and cyber-security measures to ensure that our operational and support systems remain functional.

We have suspended shutoffs for nonpayment in response to the COVID-19 pandemic. This suspension applies to residential, commercial and industrial customers and will remain in effect until further notice. In addition, we are offering more flexible payment plans to customers impacted or experiencing hardship as a result of COVID-19, and we have suspended late payment charges. The CARES Act was enacted on March 27, 2020 and provides monetary-relief and financial aid to individuals, business, nonprofits, states and municipalities. We are continuing to promote multiple resources available to customers including benefits from the CARES Act, such as additional funding for both the Low-Income Home Energy Assistance Program and the Community Services Block Grant to help support income-qualified customers. We are sharing energy efficiency tips to help customers save energy at home and promoting our budget plan program, which allows customers to pay about the same amount each month.

We have had interactions with the utility regulators for each of our operating companies regarding COVID-19. Those interactions have primarily focused on steps we are taking to safely maintain essential services, including pursuing waivers of certain regulatory requirements, where needed, to allow for continued safe operations. We are also engaging regulators to address the short-term and long-term economic impact COVID-19 has, and may continue to have, on our customers and our operations. In April 2020, the Public Service Commission of Maryland and the Virginia State Corporation Commission issued orders allowing utilities in their jurisdictions to record a regulatory asset to capture and track COVID-19-related incremental costs, and we are currently evaluating the impact of these orders.

COVID-19 has resulted in new federal and state laws. We are considering relief under the provisions of the CARES Act for employer payroll tax credits and deferred payroll tax payments. We believe the deferral of payroll tax payments could provide a cash flow benefit by delaying about $30.0 million of 2020 payroll tax payments, of which 50% would be due at the end of 2021 and the remaining 50% would be due at the end of 2022. Given the recent enactment of the CARES Act, we are currently evaluating the impact of the employer payroll tax credits and other potentially applicable provisions. For information on the impact of the CARES Act on Income Taxes, see Note 14, "Income Taxes," in the Notes to Condensed Consolidated Financial Statements (unaudited).

COVID-19 did not materially impact our operating results in the first quarter of 2020. We are actively managing the materials, supplies, and contract services for our generation, transmission, distribution, and customer services functions. There are currently no significant issues in the supply chain for our electric and gas operations. At this time, there are no significant delays in our capital construction programs or our renewable generation projects, except for the Rosewater renewable generation project, which could experience a delay due to COVID-19, and a $100 million reduction in expected 2020 capital investments to conserve cash. In addition, we have not experienced a material adverse change in liquidity as a result of COVID-19. With the refinancing of our $850 million term loan on April 1, the issuance of $1.0 billion notes on April 13, 2020, the anticipated cash proceeds from the sale of the Massachusetts Business that we expect to close by the end of the third quarter of 2020, the available capacity under our short-term revolving credit facility and accounts receivable securitization facilities and our ability to access capital markets, we believe we have sufficient liquidity for the next 12 to 24 months. However, we are continuously evaluating and monitoring the impact COVID-19 could have on our future operating results and liquidity. Such impact of COVID-19 includes, but is not limited to:

- A potential reduction in labor availability and productivity due to the health impact COVID-19 could have on our employees and contractors.
- A decline in revenue and cash flow that will result from a decrease in commercial and industrial gas and electric demand as businesses comply with shelter-in-place requirements and as businesses experience negative economic impact from COVID-19, potentially offset by higher residential demand. We have begun to see a decline in commercial and industrial gas and electric demand. A 1% annual decrease in gas and electric commercial and industrial sales volumes would decrease operating income by approximately $10.0 million in 2020.
- An anticipated increase in bad debt and a decrease in cash flows resulting from the suspension of shutoffs and the potential inability of our customers to pay for their gas and electric service due to job loss or other factors, partially offset by any potential regulatory recovery.
- An expected decline in revenue due to higher customer attrition rates, as well as lower revenue growth if customer additions slow due to a prolonged economic downturn.
- An anticipated decline in revenue due to the suspension of late payment charges. The impact of suspending late payment charges was not material in the first quarter.
- An anticipated delay in cash flows as customers utilize the more flexible payment plans.
- A potential increase in cost of materials, supplies and contract services. The incremental costs related to the safety measures described above were not material in the first quarter. While we continue to incur costs for those safety measures, the impact of these costs is dependent upon the extent and duration of the pandemic.
- An anticipated increase in internal labor costs from sequestrations and higher future overtime costs.
- A potential increase in future pension expense and pension funding requirements due to the degradation of interest rates and capital market conditions. Any increase in pension expense would not be determined until the year-end remeasurement or at an interim remeasurement if triggered by higher than expected lump sum payments.

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- A sustained deterioration in market conditions that could reduce our reporting units' fair values below their carrying values, resulting in future goodwill impairment charges.
- Potential delays in capital construction projects, including the impact on our renewable generation projects and the related federal tax credits.
- A delay in cash flows in the event that the sale of the Massachusetts Business does not close by the end of the third quarter, which could impact our liquidity.
- Future volatility in the capital and credit markets that could impact our liquidity by limiting our access to capital or increasing the cost of capital.
- The potential for delayed state regulatory filings, regulatory approvals and recovery of invested capital.
- The impact of the employer payroll tax credit and payroll tax payment deferral under the CARES Act. As discussed above, we believe the deferral of payroll tax payments could provide a cash flow benefit by delaying about $30.0 million of payroll tax payments. We are currently evaluating the impact of the employer payroll tax credits.
- The impact of newly enacted and proposed state regulatory actions and federal laws.

This is a rapidly evolving situation, and we cannot predict the extent or duration of the outbreak, or the total effects on the global, national or local economy, or our operations or financial results. We will continue to monitor developments affecting our workforce, customers, suppliers and operations and take additional measures as needed in an effort to help mitigate the impacts of the COVID-19 pandemic on our company and in our communities.

Greater Lawrence Incident: The Greater Lawrence Incident occurred on September 13, 2018. The following table summarizes expenses incurred and insurance recoveries recorded since the Greater Lawrence Incident. The amounts set forth in the table below do not include the estimated capital cost of the pipeline replacement described below and as set forth in Note 18- D, "Other Matters - Greater Lawrence Pipeline Replacement," in the Notes to Condensed Consolidated Financial Statements (unaudited).

(in millions)	Total Costs Incurred through December 31, 2019	**Costs Incurred during the Three Months Ended March 31, 2020**	Incident to Date
Third-party claims	$ 1,041	**$ —**	$ 1,041
Other incident-related costs	420	**9**	429
Total	1,461	**9**	1,470
Insurance recoveries recorded	(800)	**—**	(800)
Total costs incurred	$ 661	**$ 9**	$ 670

Inclusive of the $1,041 million of third-party claims and fines, penalties and settlements associated with government investigations recorded incident to date, we estimate that total costs related to third-party claims and fines, penalties and settlements associated with government investigations as set forth in Note 18, "Other Commitments and Contingencies - B. Legal Proceedings," will range from $1,041 million to $1,055 million, depending on the number, nature, final outcome and value of third-party claims and the final outcome of government investigations. These costs do not include costs of certain third-party claims and fines, penalties or settlements with government investigations that we are not able to estimate. We expect to incur a total of $450 million to $460 million in other incident-related costs, inclusive of the $429 million recorded for the incident to date, as set forth in Note 18, "Other Commitments and Contingencies - D. Other Matters - Greater Lawrence Incident Restoration."

The process for estimating costs associated with third-party claims and fines, penalties and settlements associated with government investigations relating to the Greater Lawrence Incident requires management to exercise significant judgment based on a number of assumptions and subjective factors. As more information becomes known, including additional information regarding ongoing investigations, management's estimates and assumptions regarding the financial impact of the Greater Lawrence Incident may change.

The aggregate amount of third-party liability insurance coverage available for losses arising from the Greater Lawrence Incident is $800 million. We have collected the entire $800 million.

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We have invested approximately $258 million of capital spend for the pipeline replacement; this work was completed in 2019. We maintain property insurance for gas pipelines and other applicable property. Columbia of Massachusetts has filed a proof of loss with its property insurer for the full cost of the pipeline replacement. In January 2020, we filed a lawsuit against the property insurer, seeking payment of our property claim. We are currently unable to predict the timing or amount of any insurance recovery under the property policy. This pipeline replacement cost is part of the Massachusetts Business that is classified as held for sale at March 31, 2020. The assets and liabilities of the Massachusetts Business have been recorded at fair value, less costs to sell, which has resulted in a loss being recorded as of March 31, 2020. See Note 7, "Assets and Liabilities Held for Sale," in the Notes to Condensed Consolidated Financial Statements (unaudited) for additional information.

Refer to Note 18-B and D, "Legal Proceedings" and "Other Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited), "Summary of Consolidated Financial Results," "Results and Discussion of Segment Operation - Gas Distribution Operations," and "Liquidity and Capital Resources" in this Management's Discussion for additional information related to the Greater Lawrence Incident.

Columbia of Massachusetts Asset Sale: On February 26, 2020, NiSource and Columbia of Massachusetts entered into an Asset Purchase Agreement with Eversource. Upon the terms and subject to the conditions set forth in the Asset Purchase Agreement, we have agreed to sell the Massachusetts Business to Eversource for a purchase price of $1,100 million in cash, subject to adjustment. For additional information, see Note 7, "Assets and Liabilities Held for Sale," in the Notes to Condensed Consolidated Financial Statements (unaudited).

Summary of Consolidated Financial Results

A summary of our consolidated financial results for the three months ended March 31, 2020 and 2019 are presented below:

	Three Months Ended March 31,		
(in millions, except per share amounts)	**2020**	2019	2020 vs. 2019
Operating Revenues	**$ 1,605.5**	$ 1,869.8	$ (264.3)
Operating Expenses			
Cost of sales (excluding depreciation and amortization)	**462.4**	680.3	(217.9)
Other Operating Expenses	**994.9**	815.3	179.6
Total Operating Expenses	**1,457.3**	**1,495.6**	(38.3)
Operating Income	**148.2**	374.2	(226.0)
Total Other Deductions, net	**(87.5)**	(96.3)	8.8
Income Taxes	**(14.9)**	59.0	(73.9)
Net Income	**75.6**	218.9	(143.3)
Preferred dividends	**(13.8)**	(13.8)	—
Net Income Available to Common Shareholders	**61.8**	205.1	(143.3)
Basic Earnings Per Share	**$ 0.16**	$ 0.55	$ (0.39)
Basic Average Common Shares Outstanding	**383.1**	373.4	9.7

Our operations are affected by the cost of sales. Cost of sales (excluding depreciation and amortization) for the Gas Distribution Operations segment is principally comprised of the cost of natural gas used while providing transportation and distribution services to customers. Cost of sales (excluding depreciation and amortization) for the Electric Operations segment is comprised of the cost of coal, related handling costs, natural gas purchased for the internal generation of electricity at NIPSCO and the cost of power purchased from third-party generators of electricity. The majority of the cost of sales (excluding depreciation and amortization) are tracked costs that are passed through directly to the customer, resulting in an equal and offsetting amount reflected in operating revenues.

On a consolidated basis, we reported net income available to common shareholders of $61.8 million, or $0.16 per basic share for the three months ended March 31, 2020, compared to net income available to common shareholders of $205.1 million, or $0.55 per basic share for the same period in 2019. The decrease in income available to common shareholders during 2020 was primarily due to a decrease in operating revenues resulting from lower industrial revenue and the effects of warmer weather in 2020, partially offset by new rates from base rate proceedings. In addition, operating expenses were higher in the current period due to the loss recorded for the classification as held for sale of the Massachusetts Business (see Note 7, "Assets and Liabilities Held for Sale," in the Notes to the Cond ensed Consolidated Financial Statements (unaudited) for additional information), partially offset by lower expenses related to the Greater Lawrence Incident, net of insurance recoveries. Income taxes were also lower in the current period (see "Income Taxes" below).

Operating Income
For the three months ended March 31, 2020, we reported operating income of $148.2 million compared to operating income of $374.2 million for the same period in 2019. The decrease in operating income was primarily due to lower industrial revenue and the effects of warmer weather in 2020, as well as higher current period operating expenses related to the loss recorded for the classification as held for sale of the Massachusetts Business, partially offset by lower expenses related to the Greater Lawrence Incident, net of insurance recoveries, and new rates from base rate proceedings.

Other Deductions, net
Other deductions, net reduced income by $87.5 million in the first quarter of 2020 compared to a reduction in income of $96.3 million in the prior year. This change is primarily due to lower non-service pension costs driven by a decrease in the pension benefit obligations.

Income Taxes
For the three months ended March 31, 2020, the decrease in income tax expense from 2019 to 2020 of $73.9 million is primarily attributable to increased amortization of excess deferred federal income tax liabilities, as specified in the TCJA, and a discrete item related to the pre–tax book loss recorded for the classification as held for sale of the Massachusetts Business tax effected at statutory tax rates.

Refer to Note 14, "Income Taxes," in the Notes to Condensed Consolidated Financial Statements (unaudited) for information on income taxes and the change in the effective tax rate.

Capital Investment
For the three months ended March 31, 2020, we invested $452.1 million in capital expenditures across our gas and electric utilities. These expenditures were primarily aimed at furthering the safety and reliability of our gas distribution system, system modernization projects and maintaining our existing electric generation fleet.

We continue to execute on an estimated $30 billion in total projected long-term regulated utility infrastructure investments and expect to invest a total of approximately $1.7 to $1.8 billion in capital during 2020 as we continue to focus on growth, safety and modernization projects across our operating area.

Liquidity
A primary focus of ours is to ensure the availability of adequate financing to fund our ongoing safety and infrastructure investment programs which typically involves the issuance of debt and/or equity. In addition, expenses related to the Greater Lawrence Incident have exceeded the total amount of insurance coverage available under our policies. During 2020, we took certain actions to enhance our liquidity. On April 1, 2020, we terminated and repaid in full our existing $850.0 million term loan agreement and entered into a new $850.0 million term loan agreement that matures March 31, 2021. Also, on April 13, 2020, we completed the issuance and sale of $1.0 billion of senior unsecured notes resulting in approximately $987.8 million of net proceeds.

Through income generated from operating activities, amounts available under our short-term revolving credit facility, commercial paper program, accounts receivable securitization facilities, term loan borrowings, long-term debt agreements, our ability to access the capital markets, and the expected proceeds from the potential sale of the Massachusetts Business (see Note 7, "Assets and Liabilities Held for Sale," in the Notes to the Condensed Consolidated Financial Statements (unaudited) for additional information), we believe we have adequate capital available to fund our operating activities, capital expenditures, the effects of the Greater Lawrence Incident and the effects of COVID-19 for the next 12 to 24 months. As of March 31, 2020 and December 31, 2019, we had $1,306.6 million and $1,409.1 million, respectively, of net liquidity available, consisting of cash and available capacity under credit facilities.

These factors and other impacts to the financial results are discussed in more detail within the following discussions of "Results and Discussion of Segment Operations" and "Liquidity and Capital Resources." See the Novel Coronavirus discussion in the introduction to the "Executive Summary" for discussion regarding the liquidity impact from COVID-19.

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Regulatory Developments

During the quarter ended March 31, 2020, we continued to move forward on core infrastructure and environmental investment programs supported by complementary regulatory and customer initiatives across all seven states of our operating area. Refer to Note 9, "Regulatory Matters" and Note 18-D "Other Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for a complete discussion of key regulatory developments that have transpired during 2020.

RESULTS AND DISCUSSION OF SEGMENT OPERATIONS

Presentation of Segment Information

Our operations are divided into two primary reportable segments: Gas Distribution Operations and Electric Operations.

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NiSource Inc.
Gas Distribution Operations

Financial and operational data for the Gas Distribution Operations segment for the three months ended March 31, 2020 and 2019 are presented below:

	Three Months Ended March 31,		
(in millions)	**2020**	2019	2020 vs. 2019
Operating Revenues	**$ 1,231.0**	$ 1,442.1	$ (211.1)
Operating Expenses			
Cost of sales (excluding depreciation and amortization)	**377.4**	550.1	(172.7)
Operation and maintenance	**330.1**	451.3	(121.2)
Depreciation and amortization	**96.5**	97.4	(0.9)
Loss on classification as held for sale	**280.2**	—	280.2
Other taxes	**68.3**	67.9	0.4
Total Operating Expenses	**1,152.5**	1,166.7	(14.2)
Operating Income	**$ 78.5**	$ 275.4	$ (196.9)
Revenues			
Residential	**$ 823.3**	$ 976.0	$ (152.7)
Commercial	**274.0**	331.6	(57.6)
Industrial	**74.5**	83.0	(8.5)
Off-System	**18.7**	20.1	(1.4)
Other	**40.5**	31.4	9.1
Total	**$ 1,231.0**	$ 1,442.1	$ (211.1)
Sales and Transportation (MMDth)			
Residential	**118.5**	140.7	(22.2)
Commercial	**73.7**	86.0	(12.3)
Industrial	**146.8**	148.1	(1.3)
Off-System	**11.2**	7.2	4.0
Other	**0.2**	0.2	—
Total	**350.4**	382.2	(31.8)
Heating Degree Days	**2,440**	2,897	(457)
Normal Heating Degree Days	**2,897**	2,864	33
% Colder (Warmer) than Normal	**(16)%**	1%	
Gas Distribution Customers			
Residential	**3,233,222**	3,206,016	27,206
Commercial	**283,579**	282,616	963
Industrial	**6,002**	6,035	(33)
Other	**3**	3	—
Total	**3,522,806**	3,494,670	28,136

Cost of sales (excluding depreciation and amortization) for the Gas Distribution Operations segment is principally comprised of the cost of natural gas used while providing transportation and distribution services to customers. The cost of sales (excluding depreciation and amortization) are tracked costs that are passed through directly to the customer resulting in an equal and offsetting amount reflected in operating revenue. In addition, comparability of operation and maintenance expenses, depreciation and amortization, and other taxes may be impacted by regulatory, depreciation and tax trackers that allow for the recovery in rates of certain costs. Therefore, increases in these tracked operating expenses are offset by increases in operating revenues and have essentially no impact on net income.

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NiSource Inc.
Gas Distribution Operations

Three Months Ended March 31, 2020 vs. March 31, 2019 Operating Income
For the three months ended March 31, 2020, Gas Distribution Operations reported operating income of $78.5 million, a decrease of $196.9 million from the comparable 2019 period.

Operating revenues for the three months ended March 31, 2020 were $1,231.0 million, a decrease of $211.1 million from the same period in 2019. The change in operating revenues was primarily driven by

- Lower cost of sales (excluding depreciation and amortization) billed to customers, which is offset in operating expense, of $172.7 million.
- Lower revenues from the effects of warmer weather in 2020 of $36.1 million.
- Lower regulatory, tax and depreciation trackers, which are offset in operating expense, of $13.9 million.
- Favorable adjustments in 2019 to the revenue reserve for the probable future refund of certain collections from customers as a result of the lower income tax rate from TCJA of $6.1 million.

Partially Offset by:

- New rates from base rate proceedings and infrastructure replacement programs of $14.7 million.
- The effects of customer growth and increased usage of $6.3 million.

Operating expenses were $14.2 million lower for the three months ended March 31, 2020 compared to the same period in 2019. This change was primarily driven by:

- Lower cost of sales (excluding depreciation and amortization) billed to customers, which is offset in operating revenue, of $172.7 million.
- Decreased expenses related to third-party claims and other costs, net of insurance recoveries, for the Greater Lawrence Incident of $127.3 million.
- Lower regulatory, tax and depreciation trackers, which are offset in operating revenues, of $13.9 million.

Partially offset by:

- Loss on classification as held for sale related to the Massachusetts Business of $280.2 million.
- Higher employee and administrative expenses of $11.7 million.

Weather
In general, we calculate the weather-related revenue variance based on changing customer demand driven by weather variance from normal heating degree days. Our composite heating degree days reported do not directly correlate to the weather-related dollar impact on the results of Gas Distribution Operations. Heating degree days experienced during different times of the year or in different operating locations may have more or less impact on volume and dollars depending on when and where they occur. When the detailed results are combined for reporting, there may be weather-related dollar impacts on operations when there is not an apparent or significant change in our aggregated composite heating degree day comparison.

Weather in the Gas Distribution Operations service territories for the first quarter of 2020 was about 16% warmer than normal and about 16% warmer than 2019, leading to decreased operating revenues of $36.1 million for the quarter ended March 31, 2020 compared to the same period in 2019.

Throughput
Total volumes sold and transported for the three months ended March 31, 2020 were 350.4 MMDth, compared to 382.2 MMDth for the same period in 2019. This decrease is primarily attributable to warmer weather in 2020 compared to 2019.

Economic Conditions
All of our Gas Distribution Operations companies have state-approved recovery mechanisms that provide a means for full recovery of prudently incurred gas costs. Gas costs are treated as pass-through costs and have no impact on operating income recorded in the period. The gas costs included in revenues are matched with the gas cost expense recorded in the period and the difference is recorded on the Condensed Consolidated Balance Sheets (unaudited) as under-recovered or over-recovered gas cost to be included in future customer billings.

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NiSource Inc.
Gas Distribution Operations

Certain Gas Distribution Operations companies continue to offer choice opportunities, where customers can choose to purchase gas from a third-party supplier, through regulatory initiatives in their respective jurisdictions. These programs serve to further reduce our exposure to gas prices.

COVID-19 has impacted many sectors of the economy. While COVID-19 did not materially impact the operating results of the Gas Distribution Operations segment in the first quarter of 2020, we are monitoring developments affecting our workforce, customers, suppliers and operations and will take additional measures as needed in an effort to help mitigate the impacts of the COVID-19 pandemic on our company and in our communities. See the Novel Coronavirus discussion in the introduction to the "Executive Summary" for additional information.

Greater Lawrence Incident
Refer to Note 18-B, "Legal Proceedings," and D. "Other Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) and "Executive Summary" and "Liquidity and Capital Resources" in this Management's Discussion for additional information related to the Greater Lawrence Incident.

Columbia of Massachusetts Asset Sale
On February 26, 2020, we entered into an Asset Purchase Agreement with Eversource that provided for the sale of the Massachusetts Business to Eversource subject to terms and conditions set forth in the agreement. For additional information, see Note 7, "Assets and Liabilities Held for Sale," in the Notes to Condensed Consolidated Financial Statements (unaudited).

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NiSource Inc.
Electric Operations

Financial and operational data for the Electric Operations segment for the three months ended March 31, 2020 and 2019 are presented below:

	Three Months Ended March 31,		
(in millions)	**2020**	2019	2020 vs. 2019
Operating Revenues	**$ 377.5**	$ 431.0	$ (53.5)
Operating Expenses			
Cost of sales (excluding depreciation and amortization)	**85.0**	130.1	(45.1)
Operation and maintenance	**120.9**	121.7	(0.8)
Depreciation and amortization	**78.9**	68.2	10.7
Other taxes	**14.2**	16.0	(1.8)
Total Operating Expenses	**299.0**	336.0	(37.0)
Operating Income	**$ 78.5**	$ 95.0	$ (16.5)
Revenues			
Residential	**$ 119.2**	$ 118.8	$ 0.4
Commercial	**120.2**	119.3	0.9
Industrial	**109.1**	163.5	(54.4)
Wholesale	**3.2**	2.7	0.5
Other	**25.8**	26.7	(0.9)
Total	**$ 377.5**	$ 431.0	$ (53.5)
Sales (Gigawatt Hours)			
Residential	**755.5**	792.4	(36.9)
Commercial	**878.7**	894.4	(15.7)
Industrial	**2,071.1**	2,215.7	(144.6)
Wholesale	**71.4**	6.5	64.9
Other	**28.2**	34.5	(6.3)
Total	**3,804.9**	3,943.5	(138.6)
Electric Customers			
Residential	**416,501**	412,739	3,762
Commercial	**57,150**	56,703	447
Industrial	**2,160**	2,281	(121)
Wholesale	**725**	732	(7)
Other	**2**	2	—
Total	**476,538**	472,457	4,081

Cost of sales (excluding depreciation and amortization) for the Electric Operations segment is principally comprised of the cost of coal, related handling costs, natural gas purchased for internal generation of electricity at NIPSCO, and the cost of power purchased from third-party generators of electricity. The majority of the cost of sales (excluding depreciation and amortization) are tracked costs that are passed through directly to the customer resulting in an equal and offsetting amount reflected in operating revenue. In addition, comparability of operation and maintenance expenses and depreciation and amortization may be impacted by regulatory and depreciation trackers that allow for the recovery in rates of certain costs. Therefore, increases in these tracked operating expenses are offset by increases in operating revenues and have essentially no impact on net income.

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NiSource Inc.
Electric Operations

Three Months Ended March 31, 2020 vs. March 31, 2019 Operating Income
For the three months ended March 31, 2020, Electric Operations reported operating income of $78.5 million, a decrease of $16.5 million from the comparable 2019 period.

Operating revenues for the three months ended March 31, 2020 were $377.5 million, a decrease of $53.5 million from the same period in 2019. The change in operating revenues was primarily driven by:

- Lower cost of sales (excluding depreciation and amortization) billed to customers, which is offset in operating expense, of $45.1 million.
- Decreased industrial revenue of $12.5 million due to the new industrial service structure approved in the recent base rate proceeding, as well as lower industrial usage due to an increase in internal generation being utilized by large industrial customers.
- Lower regulatory and depreciation trackers, which are offset in operating expense, of $7.3 million.

Partially offset by:

- New residential and commercial rates from the recent base rate proceeding and electric transmission projects of $13.2 million.

Operating expenses were $37.0 million lower for the three months ended March 31, 2020 compared to the same period in 2019. This change was primarily driven by:

- Lower cost of sales (excluding depreciation and amortization) billed to customers, which is offset in operating revenue, of $45.1 million.
- Lower regulatory and depreciation trackers, which are offset in operating revenues, of $7.3 million.
- Lower outside services costs of $5.0 million primarily related to lower generation-related maintenance.

Partially offset by:

- Increased depreciation of $15.1 million primarily attributable to higher depreciation rates from the recent rate case proceeding.
- Higher employee and administrative costs of $3.2 million.
- Higher environmental costs of $2.5 million related to revisions in expected remediation costs.

Weather
In general, we calculate the weather-related revenue variance based on changing customer demand driven by weather variance from normal heating or cooling degree days. Our composite heating or cooling degree days reported do not directly correlate to the weather-related dollar impact on the results of Electric Operations. Heating or cooling degree days experienced during different times of the year may have more or less impact on volume and dollars depending on when they occur. When the detailed results are combined for reporting, there may be weather-related dollar impacts on operations when there is not an apparent or significant change in our aggregated composite heating or cooling degree day comparison.

Weather in the Electric Operations' territories for the first quarter of 2020 was about 11% warmer than normal and about 11% warmer than in 2019, resulting in decreased operating revenues of $1.1 million for the quarter ended March 31, 2020 compared to the same period in 2019.

Sales
Electric Operations sales for the first quarter of 2020 were 3,804.9 GWh, a decrease of 138.6 GWh compared to the same period in 2019. This decrease was primarily attributable to higher internal generation by large industrial customers during the first quarter of 2020, partially offset by increased sales to wholesale customers.

Economic Conditions
NIPSCO has a state-approved recovery mechanism that provides a means for full recovery of prudently incurred fuel costs. Fuel costs are treated as pass-through costs and have no impact on operating income recorded in the period. The fuel costs included in revenues are matched with the fuel cost expense recorded in the period and the difference is recorded on the Condensed Consolidated Balance Sheets (unaudited) as under-recovered or over-recovered fuel cost to be included in future customer billings.

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NiSource Inc.
Electric Operations

COVID-19 has impacted many sectors of the economy. While COVID-19 did not materially impact the operating results of the Electric Operations segment in the first quarter of 2020, we are monitoring developments affecting our workforce, customers, suppliers and operations and will take additional measures as needed in an effort to help mitigate the impacts of the COVID-19 pandemic on our company and in our communities. See the Novel Coronavirus discussion in the introduction to the "Executive Summary" for additional information.

Electric Supply

NIPSCO 2018 Integrated Resource Plan. Multiple factors, but primarily economic ones, including low natural gas prices, advancing cost effective renewable technology and increasing capital and operating costs associated with existing coal plants, have led NIPSCO to conclude in its October 2018 Integrated Resource Plan submission that NIPSCO's current fleet of coal generation facilities will be retired earlier than previous Integrated Resource Plan's had indicated.

The Integrated Resource Plan evaluated demand-side and supply-side resource alternatives to reliably and cost effectively meet NIPSCO customers' future energy requirements over the ensuing 20 years. The preferred option within the Integrated Resource Plan retires R.M. Schahfer Generating Station (Units 14, 15, 17, and 18) by 2023 and Michigan City Generating Station (Unit 12) by 2028. These units represent 2,080 MW of generating capacity, equal to 72% of NIPSCO's remaining capacity and 100% of NIPSCO's remaining coal-fired generating capacity.

The current replacement plan includes lower-cost, reliable, cleaner energy resources to be obtained through a combination of NIPSCO ownership and PPAs. Refer to Note 18-D, "Other Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for additional information on the NIPSCO Integrated Resource Plan.

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Liquidity and Capital Resources

Greater Lawrence Incident: As discussed in the "Executive Summary" and Note 18, "Other Commitments and Contingencies," in the Notes to the Condensed Consolidated Financial Statements (unaudited) we have recorded and paid costs associated with the Greater Lawrence Incident and have invested capital to replace the entire affected 45-mile cast iron and bare steel pipeline system that delivers gas to the impacted area. As discussed in the Executive Summary and Note 18 referenced earlier in this paragraph, we may incur additional expenses and liabilities in excess of our recorded liabilities and estimated additional costs associated with the Greater Lawrence Incident. Since the Greater Lawrence Incident and through March 31, 2020, we have collected $800 million from insurance providers; however, total costs related to the incident have exceeded the total amount of insurance coverage available under our policies. To date, this excess has primarily been funded through short-term borrowings. We plan to use the expected proceeds from the sale of the Massachusetts Business to pay down these short-term borrowings. For additional information, see Note 7, "Assets and Liabilities Held for Sale," in the Notes to the Condensed Consolidated Financial Statements (unaudited).

Operating Activities
Net cash from operating activities for the three months ended March 31, 2020 was $369.9 million, a decrease of $29.2 million compared to the three months ended March 31, 2019. This decrease was driven by year over year increase in net payments related to the Greater Lawrence Incident. During 2020, we paid approximately $150 million compared to $73 million, net of insurance recoveries, during 2019. This decrease was also a result of lower revenue due to warmer weather during 2020. Offsetting these cash outflows are higher accounts receivable collections in 2020 compared to 2019.

Investing Activities
Net cash used for investing activities for the three months ended March 31, 2020 was $484.6 million, an increase of $109.2 million compared to the three months ended March 31, 2019. This increase was mostly attributable to higher capital expenditures and higher cost of removal expenditures in 2020.

Our capital expenditures for the three months ended March 31, 2020 were $452.1 million compared to $353.7 million for the comparable period in 2019. The increase was driven by customer growth and safety and system modernization projects. We project total 2020 capital expenditures to be approximately $1.7 to $1.8 billion.

Our cost of removal expenditures for the three months ended March 31, 2020 were $34.5 million compared to $25.3 million for the comparable period in 2019. The increase was driven by additional cost of removal projects completed by NIPSCO.

Financing Activities
Common Stock and Preferred Stock. Refer to Note 5, "Equity," in the Notes to Condensed Consolidated Financial Statements (unaudited) for information on common and preferred stock activity.

Long-term Debt. Refer to Note 16, "Long-Term Debt," in the Notes to Condensed Consolidated Financial Statements (unaudited) for information on long-term debt activity.

Short-term Debt. Refer to Note 17, "Short-Term Borrowings," in the Notes to Condensed Consolidated Financial Statements (unaudited) for information on short-term debt activity.

Net Available Liquidity. As of March 31, 2020, an aggregate of $1,306.6 million of net liquidity was available, including cash and credit available under the revolving credit facility and accounts receivable securitization programs.

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The following table displays our liquidity position as of March 31, 2020 and December 31, 2019:

(in millions)	**March 31, 2020**	December 31, 2019
Current Liquidity		
Revolving Credit Facility	**$ 1,850.0**	$ 1,850.0
Accounts Receivable Program[(1)]	**459.4**	353.2
Less:		
Borrowings Outstanding Under Credit Facility	**500.0**	—
Commercial Paper	**237.0**	570.0
Accounts Receivable Program Utilized	**459.4**	353.2
Letters of Credit Outstanding Under Credit Facility	**10.2**	10.2
Add:		
Cash and Cash Equivalents	**203.8**	139.3
Net Available Liquidity	**$ 1,306.6**	$ 1,409.1

[(1)]Represents the lesser of the seasonal limit or maximum borrowings supportable by the underlying receivables.

Debt Covenants. We are subject to financial covenants under our revolving credit facility and term loan agreement, which require us to maintain a debt to capitalization ratio that does not exceed 70%. A similar covenant in a 2005 private placement note purchase agreement requires us to maintain a debt to capitalization ratio that does not exceed 75%. As of March 31, 2020, the ratio was 63.2%.

Sale of Trade Accounts Receivables. Refer to Note 12, "Transfers of Financial Assets," in the Notes to Condensed Consolidated Financial Statements (unaudited) for information on the sale of trade accounts receivable.

Credit Ratings. The credit rating agencies periodically review our ratings, taking into account factors such as our capital structure and earnings profile. The following table includes our and certain of our subsidiaries' credit ratings and ratings outlook as of March 31, 2020. In February 2020, S&P changed our outlook from Negative to Stable. There were no other changes to the below credit ratings or outlooks since December 31, 2019.

A credit rating is not a recommendation to buy, sell, or hold securities, and may be subject to revision or withdrawal at any time by the assigning rating organization.

	S&P		Moody's		Fitch	
	Rating	Outlook	Rating	Outlook	Rating	Outlook
NiSource	BBB+	Stable	Baa2	Stable	BBB	Stable
NIPSCO	BBB+	Stable	Baa1	Stable	BBB	Stable
Columbia of Massachusetts	BBB+	Stable	Baa2	Stable	Not rated	Not rated
Commercial Paper	A-2	Stable	P-2	Stable	F2	Stable

Certain of our subsidiaries have agreements that contain "ratings triggers" that require increased collateral if our credit rating or the credit ratings of certain of our subsidiaries are below investment grade. These agreements are primarily for insurance purposes and for the physical purchase or sale of power. As of March 31, 2020, the collateral requirement that would be required in the event of a downgrade below the ratings trigger levels would amount to approximately $76.1 million. In addition to agreements with ratings triggers, there are other agreements that contain "adequate assurance" or "material adverse change" provisions that could necessitate additional credit support such as letters of credit and cash collateral to transact business.

Equity. Our authorized capital stock consists of 620,000,000 shares, $0.01 par value, of which 600,000,000 are common stock and 20,000,000 are preferred stock. As of March 31, 2020, 382,694,308 shares of common stock and 440,000 shares of preferred stock were outstanding.

Contractual Obligations. Aside from the previously referenced issuances of long-term debt and payments associated with the Greater Lawrence Incident, there were no material changes during the three months ended March 31, 2020 to our contractual obligations as of December 31, 2019.

Guarantees and Indemnities. We and certain of our subsidiaries enter into various agreements providing financial or performance assurance to third parties on behalf of certain subsidiaries as a part of normal business. Refer to Note 18, "Other Commitments and Contingencies," in the Notes to the Condensed Consolidated Financial Statements (unaudited) for information on guarantees.

Off Balance Sheet Arrangements

We, along with certain of our subsidiaries, enter into various agreements providing financial or performance assurance to third parties on behalf of certain subsidiaries. Such agreements include guarantees and stand-by letters of credit.

Refer to Note 18, "Other Commitments and Contingencies," in the Notes to Condensed Consolidated Financial Statements (unaudited) for additional information about such arrangements.

Market Risk Disclosures

Risk is an inherent part of our businesses. The extent to which we properly and effectively identify, assess, monitor and manage each of the various types of risk involved in our businesses is critical to our profitability. We seek to identify, assess, monitor and manage, in accordance with defined policies and procedures, the following principal market risks that are involved in our businesses: commodity price risk, interest rate risk and credit risk. Risk management for us is a multi-faceted process with oversight by the Risk Management Committee that requires constant communication, judgment and knowledge of specialized products and markets. Our senior management takes an active role in the risk management process and has developed policies and procedures that require specific administrative and business functions to assist in the identification, assessment and control of various risks. These may include, but are not limited to market, operational, financial, compliance and strategic risk types. In recognition of the increasingly varied and complex nature of the energy business, our risk management process, policies and procedures continue to evolve and are subject to ongoing review and modification.

Our Risk Management Committee has been actively engaged in monitoring the impact of COVID-19 on our business. See the Novel Coronavirus discussion in the introduction to the "Executive Summary" for risks that have been identified related to COVID-19.

Commodity Price Risk

We are exposed to commodity price risk as a result of our subsidiaries' operations involving natural gas and power. To manage this market risk, our subsidiaries use derivatives, including commodity futures contracts, swaps, forwards and options. We do not participate in speculative energy trading activity.

Commodity price risk resulting from derivative activities at our rate-regulated subsidiaries is limited, since regulations allow recovery of prudently incurred purchased power, fuel and gas costs through the ratemaking process, including gains or losses on these derivative instruments. If states should explore additional regulatory reform, these subsidiaries may begin providing services without the benefit of the traditional ratemaking process and may be more exposed to commodity price risk.

Our subsidiaries are required to make cash margin deposits with their brokers to cover actual and potential losses in the value of outstanding exchange traded derivative contracts. The amount of these deposits, some of which is reflected in our restricted cash balance, may fluctuate significantly during periods of high volatility in the energy commodity markets.

Refer to Note 10, "Risk Management Activities," in the Notes to Condensed Consolidated Financial Statements (unaudited) for further information on our commodity price risk assets and liabilities as of March 31, 2020 or December 31, 2019.

Interest Rate Risk

We are exposed to interest rate risk as a result of changes in interest rates on borrowings under our revolving credit agreement, commercial paper program, accounts receivable programs and term loan, which have interest rates that are indexed to short-term market interest rates. Based upon average borrowings and debt obligations subject to fluctuations in short-term market interest rates, an increase (or decrease) in short-term interest rates of 100 basis points (1%) would have increased (or decreased) interest expense by $4.3 million and $4.9 million for the three months ended March 31, 2020 and March 31, 2019, respectively. We are also exposed to interest rate risk as a result of changes in benchmark rates that can influence the interest rates of future debt issuances.

Refer to Note 10, "Risk Management Activities," in the Notes to Condensed Consolidated Financial Statements (unaudited) for further information on our interest rate risk assets and liabilities as of March 31, 2020 and December 31, 2019.

Credit Risk

Due to the nature of the industry, credit risk is embedded in many of our business activities. Our extension of credit is governed by a Corporate Credit Risk Policy. In addition, Risk Management Committee guidelines are in place which document management approval levels for credit limits, evaluation of creditworthiness, and credit risk mitigation efforts. Exposures to credit risks are monitored by the risk management function which is independent of commercial operations. Credit risk arises due to the possibility that a customer, supplier or counterparty will not be able or willing to fulfill its obligations on a transaction on or before the settlement date. For derivative-related contracts, credit risk arises when counterparties are obligated to deliver or purchase defined commodity units of gas or power to us at a future date per execution of contractual terms and conditions. Exposure to credit risk is measured in terms of both current obligations and the market value of forward positions net of any posted collateral such as cash and letters of credit.

We closely monitor the financial status of our banking credit providers. We evaluate the financial status of our banking partners through the use of market-based metrics such as credit default swap pricing levels, and also through traditional credit ratings provided by major credit rating agencies.

As a result of COVID-19, we anticipate an increase in customer bad debt resulting from the suspension of shutoffs and the potential inability of our customers to pay for their gas and electric service due to job loss or other factors. See the Novel Coronavirus discussion in the introduction to the "Executive Summary" for risks that have been identified related to COVID-19.

Other Information

Critical Accounting Estimates

Refer to Note 18, "Other Commitments and Contingencies," in the Notes to Condensed Consolidated Financial Statements (unaudited) for additional information about management judgment used in the development of estimates related to the Greater Lawrence Incident.

Recently Issued Accounting Pronouncements

Refer to Note 2, "Recent Accounting Pronouncements," in the Notes to Condensed Consolidated Financial Statements (unaudited) for additional information about recently issued and adopted accounting pronouncements.

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ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

NiSource Inc.

For a discussion regarding quantitative and qualitative disclosures about market risk see "Management's Discussion and Analysis of Financial Condition and Results of Operations - Market Risk Disclosures."

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our chief executive officer and our chief financial officer are responsible for evaluating the effectiveness of our disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)). Our disclosure controls and procedures are designed to provide reasonable assurance that the information required to be disclosed by us in reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosure and is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC. Based upon that evaluation, our chief executive officer and chief financial officer concluded that, as of the end of the period covered by this report, our disclosure controls and procedures were effective to provide reasonable assurance that financial information was processed, recorded and reported accurately.

Changes in Internal Controls

There have been no changes in our internal control over financial reporting during the fiscal quarter covered by this report that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

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PART II

ITEM 1. LEGAL PROCEEDINGS

NiSource Inc.

For a description of our legal proceedings, see Note 18-B, "Legal Proceedings," in the Notes to Condensed Consolidated Financial Statements (unaudited).

ITEM 1A. RISK FACTORS

The risk factors set forth in Item 1A of the Company's Annual Report on Form 10-K for the year ended December 31, 2019 are supplemented with the following risk factor, which should be read in conjunction with the risk factors set forth in the Annual Report on Form 10-K.

The novel coronavirus (COVID-19) pandemic could materially adversely impact our business, results of operations, financial condition, liquidity and cash flows.

The continued spread of COVID-19 has resulted in widespread impacts on the global economy and financial markets and could lead to a prolonged reduction in economic activity, extended disruptions to supply chains and capital markets, and reduced labor availability and productivity. We are currently evaluating and monitoring the potential impacts the pandemic may have on our essential natural gas and electric businesses and on our future operating results and liquidity, including potential impacts related to the health, safety and availability of our employees and contractors, suspended shutoffs of natural gas and electric services for nonpayment, more flexible payment plans for customers, an anticipated increase in bad debt, fluctuations in demand for commercial, industrial and residential gas and electric services, counterparty credit, costs and availability of supplies, capital construction and infrastructure operations and maintenance programs, financing plans, including the planned cash proceeds anticipated from the sale of the Massachusetts Business, pension valuations, market conditions that could result in future goodwill impairment charges, potential delays in capital construction projects, and legal and regulatory matters, including the potential for delayed state regulatory filings and recovery of invested capital, as well as newly enacted and proposed state regulatory actions and federal laws. For more information regarding the items above and additional items related to COVID-19 that we are evaluating and monitoring, please see our discussion of these topics in Part I., Item 2. "Management Discussion and Analysis of Financial Condition and Results of Operations - Executive Summary - Introduction - Novel Coronavirus" in this report and in our future filings with the Securities and Exchange Commission. To the extent the COVID-19 pandemic adversely affects our business, results of operations, financial condition, liquidity or cash flows, it may also have the effect of heightening many of the other risks described in the ''Risk Factors'' section of our Annual Report on Form 10-K for the year ended December 31, 2019. The degree to which COVID-19 will impact us will depend in part on future developments, including the ultimate geographic spread, severity and duration of the outbreak, actions that may be taken by governmental authorities, and to what extent and when normal economic and operating conditions can resume.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

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ITEM 6. EXHIBITS

NiSource Inc.

(2.1) Asset Purchase Agreement, dated as of February 26, 2020, by and among NiSource Inc., Bay State Gas Company d/b/a Columbia Gas of Massachusetts and Eversource Energy (incorporated by reference to Exhibit 2.1 of the NiSource Inc. Form 8-K filed on February 28, 2020).***

(4.1) Description of NiSource Inc.'s Securities Registered Under Section 12 of the Exchange Act (incorporated by reference to Exhibit 4.20 of the NiSource Form 10-K filed on February 28, 2020).

(4.2) Form of 3.600% Notes due 2030 (incorporated by reference to Exhibit 4.1 of the NiSource Inc. Form 8-K filed on April 8, 2020).

(10.1) Form of Performance Share Award Agreement (incorporated by reference to Exhibit 10.39 of the NiSource Form 10-K filed on February 28, 2020).**

(10.2) Form of Restricted Stock Unit Award Agreement (incorporated by reference to Exhibit 10.40 of the NiSource Form 10-K filed on February 28, 2020).**

(10.3) Form of Cash-Based Award Agreement (incorporated by reference to Exhibit 10.41 of the NiSource Form 10-K filed on February 28, 2020).**

(10.4) Columbia Gas of Massachusetts Plea Agreement dated February 26, 2020 (incorporated by reference to Exhibit 10.2 of the NiSource Inc. Form 8-K filed on February 27, 2020).

(10.5) NiSource Deferred Prosecution Agreement dated February 26, 2020 (incorporated by reference to Exhibit 10.1 of the NiSource Inc. Form 8-K filed on February 27, 2020).

(10.6) Term Loan Agreement, dated as of April 1, 2020, among NiSource Inc., as Borrower, the lenders party thereto, and KeyBank National Association, as Administrative Agent, and KeyBank National Association, PNC Bank, National Association and U.S. Bank National Association, as Joint Lead Arrangers and Joint Bookrunners (incorporated by reference to Exhibit 10.1 of the NiSource Inc. 8-K filed on April 1, 2020).

(31.1) Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*

(31.2) Certification of Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*

(32.1) Certification of Chief Executive Officer pursuant to 18. U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).*

(32.2) Certification of Chief Financial Officer pursuant to 18. U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).*

(101.INS) Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.

(101.SCH) Inline XBRL Schema Document

(101.CAL) Inline XBRL Calculation Linkbase Document

(101.LAB) Inline XBRL Labels Linkbase Document

(101.PRE) Inline XBRL Presentation Linkbase Document

(101.DEF) Inline XBRL Definition Linkbase Document

(104) Cover page Interactive Data File (formatted as inline XBRL, and contained in Exhibit 101.)

* Exhibit filed herewith.

Management contract or compensatory plan or arrangement of NiSource Inc.

**

Schedules and exhibits have been omitted pursuant to Item 601(b)(2) of Regulation S-K. NiSource agrees to furnish supplementally a copy of any omitted schedules or exhibits to the SEC upon request.

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SIGNATURE

NiSource Inc.

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

NiSource Inc.
(Registrant)

Date: May 6, 2020

By: /s/ Donald E. Brown

Donald E. Brown
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Exhibit 31.1

Certification Pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002

I, Joseph Hamrock, certify that:

1. I have reviewed this Quarterly Report of NiSource Inc. on Form 10-Q for the quarter ended March 31, 2020;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 6, 2020

By: /s/ Joseph Hamrock

Joseph Hamrock
President and Chief Executive Officer

Exhibit 31.2

Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Donald E. Brown, certify that:

1. I have reviewed this Quarterly Report of NiSource Inc. on Form 10-Q for the quarter ended March 31, 2020;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 6, 2020

By: /s/ Donald E. Brown

Donald E. Brown
Executive Vice President and Chief Financial Officer

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, 2020 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Joseph Hamrock, Chief Executive Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Joseph Hamrock

Joseph Hamrock
President and Chief Executive Officer

Date: May 6, 2020

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, 2020 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Donald E. Brown, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Donald E. Brown

Donald E. Brown
Executive Vice President and Chief Financial Officer

Date: May 6, 2020